

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.

HOUSE ENROLLED ACT No. 1004

AN ACT to amend the Indiana Code concerning state and local administration.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 2-5-31.8 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]:

Chapter 31.8. Interim Study Committee on Economic Development

Sec. 1. The interim study committee on economic development is established.

Sec. 2. (a) The committee consists of the following members:

- (1) Two (2) members of the senate, who must be affiliated with different political parties, appointed by the president pro tempore of the senate.**
- (2) Two (2) members of the house of representatives, who must be affiliated with different political parties, appointed by the speaker of the house of representatives.**
- (3) The chief executive officer of the Indiana economic development corporation (or the chief executive officer's designee).**
- (4) The following twelve (12) members appointed as follows:**
 - (A) The following four (4) members appointed by the governor, not more than two (2) of whom may be affiliated with the same political party and at least one (1) of whom must be a woman who is an owner of a women's business**

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enterprise (as defined in IC 4-13-16.5-1.3) that is certified under IC 4-13-16.5 or a member of a minority group (as defined in IC 4-13-16.5-1) who is an owner of a minority business enterprise (as defined in IC 4-13-16.5-1) that is certified under IC 4-13-16.5:

- (i) One (1) member to represent large businesses.
 - (ii) One (1) member to represent small businesses.
 - (iii) One (1) member to represent banking and finance.
 - (iv) One (1) member to represent labor interests.
- (B) The following four (4) members appointed by the president pro tempore of the senate, not more than two (2) of whom may be affiliated with the same political party:
- (i) One (1) member to represent higher education.
 - (ii) One (1) member to represent local economic development organizations and officials.
 - (iii) One (1) member to represent cities.
 - (iv) One (1) member to represent counties.

- (C) The following four (4) members appointed by the speaker of the house of representatives, not more than two (2) of whom may be affiliated with the same political party:
- (i) One (1) member to represent agricultural interests.
 - (ii) One (1) member to represent the public at large.
 - (iii) One (1) member to represent kindergarten through grade 12 education.
 - (iv) One (1) member to represent quality of life issues.

(b) The president pro tempore of the senate shall appoint one (1) of the members appointed by the president under subsection (a)(1) as a co-chair of the committee. The speaker of the house of representatives shall appoint one (1) of the members appointed by the speaker under subsection (a)(2) as a co-chair of the committee.

(c) The affirmative votes of a majority of the voting members appointed to the committee are required for the committee to take action on any measure, including final reports.

Sec. 3. The committee shall study the following during each interim:

- (1) Best practices in state and local economic development policies and activities.
- (2) The use and effectiveness of tax credits and deductions.
- (3) Whether there are any specific sectors of the economy for which Indiana might have comparative advantages over other states.

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(4) The extent to which Indiana's tax laws encourage business investment, and any improvements that might be made to Indiana's tax laws.

(5) The extent to which Indiana's education systems support economic development.

(6) The benefits of existing community revitalization enhancement districts and possible new community revitalization enhancement districts as an economic development tool.

(7) Any other issue assigned to the committee by the legislative council or as directed by the committee's co-chairs.

Sec. 4. The committee shall issue a final report before November 1 each year to the legislative council containing any findings and recommendations of the committee. The report must be in an electronic format under IC 5-14-6.

Sec. 5. Except as otherwise provided in this chapter, the committee shall operate under the policies governing study committees adopted by the legislative council.

Sec. 6. This chapter expires December 31, 2014.

SECTION 2. IC 2-7-5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 6. The following persons may not be registered as a lobbyist under this article:

- (1) Any individual convicted of a felony for violating any law while the individual was an officer or employee of any agency of state government or a unit of local government.**
- (2) Any person convicted of a felony relating to lobbying.**
- (3) Any person convicted of a felony and who:**
 - (A) is in prison;**
 - (B) is on probation; or**
 - (C) has been in prison or on probation within the immediate past one (1) year.**
- (4) Any person whose:**
 - (A) statement or report required to be filed under this article was found to be materially incorrect as a result of a determination under IC 2-7-6-5; and**
 - (B) who has not filed a corrected statement or report for that year when requested to do so by the commission.**
- (5) Any person who has failed to pay a civil penalty assessed under IC 2-7-6-5.**
- (6) Any person who is on the most recent tax warrant list supplied to the commission by the department of state revenue until:**
 - (A) the person provides a statement to the commission**

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indicating that the person's ~~delinquent tax liability tax~~ **warrant** has been satisfied; or

(B) the commission receives a notice from the commissioner of the department of state revenue under IC 6-8.1-8-2(k).

SECTION 3. IC 4-13.6-3-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 2. (a) The public works division is established within the department. Subject to this article, the division shall:

- (1) prepare or supervise preparation of contract documents for public works projects;
- (2) approve contract documents for public works projects;
- (3) advertise for bids for public works contracts;
- (4) recommend to the commissioner award of public works contracts;
- (5) supervise and inspect all work relating to public works projects;
- (6) recommend to the commissioner approval of any necessary lawful changes in contract documents relating to a public works contract that has been awarded;
- (7) approve or reject estimates for payment;
- (8) accept or reject a public works project; and
- (9) administer this article.

(b) Except as provided in ~~IC 4-13.6-5-4(b)~~ **IC 4-13.6-5-4(d)** and subject to IC 4-13.6-2-6, whenever in this article a duty is specified or authority is granted that relates to the estimated dollar value of a public works project, the director shall make the determination of the value of the project. Such a determination of the director is final and conclusive and is the amount against which the existence of the duty or the authority shall be determined, even if it is later found that the determination of the director was erroneous.

(c) The division may delegate any of its authority to a governmental body.

SECTION 4. IC 4-13.6-5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 2. (a) Except as provided by this chapter and IC 16-33-4-10, if the estimated cost of a public works project is at least ~~seventy-five thousand dollars (\$75,000)~~, **one hundred fifty thousand dollars (\$150,000)**, the division shall award a contract for the project based on competitive bids.

(b) If the estimated cost of a public works project is at least ~~seventy-five thousand dollars (\$75,000)~~, **one hundred fifty thousand dollars (\$150,000)**, the division shall develop contract documents for a public works contract and keep the contract documents on file in its

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offices so that they may be inspected by contractors and members of the public.

(c) The division shall advertise for bids under section 8 of this chapter. The director shall award a contract under IC 4-13.6-6.

(d) A contractor shall submit under oath a financial statement as a part of the bid. The director may waive filing of the financial statement.

(e) After bids are opened but before a contract is awarded, the director may require a contractor to submit a statement of the contractor's experience, a proposed plan of performing the work, and a listing of the equipment that is available to the contractor for performance of the work.

(f) The statements required by this section shall be submitted on forms approved by the state board of accounts. The forms shall be based, so far as applicable, on standard questionnaires and financial statements for contractors used in investigating the qualifications of contractors on public construction work.

(g) The division shall reject the bid of a contractor if:

- (1) the estimated cost of the public works project is one hundred fifty thousand dollars (\$150,000) or more and the contractor is not qualified under chapter 4 of this article;
- (2) the estimated cost of the public works project is less than one hundred fifty thousand dollars (\$150,000) and the director makes a written determination, based upon information provided under subsections (d) and (e), that the contractor is not qualified to perform the public works contract;
- (3) the contractor has failed to perform a previous contract with the state satisfactorily and has submitted the bid during a period of suspension imposed by the director (the failure of the contractor to perform a contract satisfactorily must be based upon a written determination by the director);
- (4) the contractor has not complied with a rule adopted under this article and the rule specifies that failure to comply with it is a ground for rejection of a bid; or
- (5) the contractor has not complied with any requirement under section 2.5 of this chapter.

(h) The division shall keep a record of all bids. The state board of accounts shall approve the form of this record, and the record must include at least the following information:

- (1) The name of each contractor.
- (2) The amount bid by each contractor.
- (3) The name of the contractor making the lowest bid.
- (4) The name of the contractor to whom the contract was

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awarded.

(5) The reason the contract was awarded to a contractor other than the lowest bidder, if applicable.

(6) Purchase order numbers.

SECTION 5. IC 4-13.6-5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 3. (a) If the estimated cost of a public works project is less than ~~seventy-five thousand dollars (\$75,000)~~, **one hundred fifty thousand dollars (\$150,000)**, the division may award a public works contract either under section 2 of this chapter or under this section, at the discretion of the director.

(b) If the director awards a contract under this section, the division shall invite quotations from at least three (3) contractors known to the division to deal in the work required to be done. However, if fewer than three (3) contractors are known to the division to be qualified to perform the work, the division shall invite quotations from as many contractors as are known to be qualified to perform the work. Failure to receive three (3) quotations shall not prevent an award from being made.

(c) The division may authorize the governmental body for which the public work is to be performed to invite quotations, but award of a contract based upon those quotations is the responsibility of the division.

(d) Quotations given by a contractor under this section must be in writing and sealed in an envelope, shall be considered firm, and may be the basis upon which the division awards a public works contract.

(e) The division shall award a contract to the lowest responsible and responsive contractor and in accordance with any requirement imposed under section 2.5 of this chapter.

SECTION 6. IC 4-13.6-5-4, AS AMENDED BY P.L.34-2005, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 4. (a) If the estimated cost of a public works project is less than ~~seventy-five thousand dollars (\$75,000)~~, **one hundred fifty thousand dollars (\$150,000)**, the division may perform the public work without awarding a public works contract under section 2 of this chapter. In performing the public work, the division may authorize use of equipment owned, rented, or leased by the state, may authorize purchase of materials in the manner provided by law, and may authorize performance of the public work using employees of the state.

(b) The workforce of a state agency may perform a public work described in subsection (a) only if:

(1) the workforce, through demonstrated skills, training, or

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expertise, is capable of performing the public work; and
(2) for a public works project under subsection (a) whose cost is estimated to be more than one hundred thousand dollars (\$100,000), the agency:

- (A) publishes a notice under IC 5-3-1 that:
 - (i) describes the public work that the agency intends to perform with its own workforce; and
 - (ii) sets forth the projected cost of each component of the public work as described in subsection (a); and
- (B) determines at a public meeting that it is in the public interest to perform the public work with the agency's own workforce.

A public works project performed by an agency's own workforce must be inspected and accepted as complete in the same manner as a public works project performed under a contract awarded after receiving bids.

(c) If a public works project involves a structure, an improvement, or a facility under the control of an agency, the agency may not artificially divide the project to bring any part of the project under this section.

~~(b)~~ (d) If a public works project involves a structure, improvement, or facility under the control of the department of natural resources, the department of natural resources may purchase materials for the project in the manner provided by law and without a contract being awarded, and may use its employees to perform the labor and supervision, if:

- (1) the department of natural resources uses equipment owned or leased by it; and
- (2) the division of engineering of the department of natural resources estimates the cost of the public works project will be less than ~~seventy-five~~ **one hundred fifty** thousand dollars (~~\$75,000~~): **(\$150,000)**.

~~(c)~~ (e) If a public works project involves a structure, improvement, or facility under the control of the department of correction, the department of correction may purchase materials for the project in the manner provided by law and use inmates in the custody of the department of correction to perform the labor and use its own employees for supervisory purposes, without awarding a contract, if:

- (1) the department of correction uses equipment owned or leased by it; and
- (2) the estimated cost of the public works project using employee or inmate labor is less than the greater of:
 - (A) fifty thousand dollars (\$50,000); or

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(B) the project cost limitation set by IC 4-13-2-11.1.

All public works projects covered by this subsection must comply with the remaining provisions of this article, and all plans and specifications for the public works project must be approved by a licensed architect or engineer.

SECTION 7. IC 4-13.6-7-2, AS AMENDED BY P.L.160-2006, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 2. (a) If the estimated cost of a public works project is ~~one hundred fifty thousand dollars (\$150,000)~~ **one million dollars (\$1,000,000)** or more, the division shall include as part of the public works contract provisions for the retainage of portions of payments by the division to the contractor, by the contractor to subcontractors, and for the payment of subcontractors and suppliers by the contractor. The contract must provide that the division may withhold from the contractor sufficient funds from the contract price to pay subcontractors and suppliers as provided in section 4 of this chapter.

(b) A public works contract and contracts between contractors and subcontractors, if portions of the public works contract are subcontracted, may include a provision that at the time any retainage is withheld, the division or the contractor, as the case may be, may place the retainage in an escrow account, as mutually agreed, with:

- (1) a bank;
- (2) a savings and loan institution;
- (3) the state of Indiana; or
- (4) an instrumentality of the state of Indiana;

as escrow agent. The parties to the contract shall select the escrow agent by mutual agreement. The parties to the agreement shall enter into a written agreement with the escrow agent.

(c) The escrow agreement must provide the following:

- (1) The escrow agent shall promptly invest all escrowed principal in the obligations that the escrow agent selects, in its discretion.
- (2) The escrow agent shall hold the escrowed principal and income until it receives notice from both of the other parties to the escrow agreement specifying the percentage of the escrowed principal to be released from the escrow and the persons to whom this percentage is to be released. When it receives this notice, the escrow agent shall promptly pay the designated percentage of escrowed principal and the same percentage of the accumulated escrowed income to the persons designated in the notice.
- (3) The escrow agent shall be compensated for its services as the parties may agree. The compensation shall be a commercially

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reasonable fee commensurate with fees being charged at the time the escrow fund is established for the handling of escrow accounts of like size and duration. The fee must be paid from the escrowed income of the escrow account.

(d) The escrow agreement may include other terms and conditions that are not inconsistent with subsection (c). Additional provisions may include provisions authorizing the escrow agent to commingle the escrowed funds held under other escrow agreements and provisions limiting the liability of the escrow agent.

SECTION 8. IC 4-30-11-11, AS AMENDED BY P.L.108-2009, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 11. (a) The treasurer of state, the department of state revenue, the department of administration, the Indiana department of transportation, the attorney general, and the courts shall identify to the commission, in the form and format prescribed by the commission and approved by the auditor of state, a person who:

- (1) owes an outstanding debt to a state agency;
- ~~(2) owes delinquent state taxes;~~
- (2) is on the department of state revenue's most recent tax warrant list;** or
- (3) owes child support collected and paid to a recipient through a court.

(b) Before the payment of a prize of more than five hundred ninety-nine dollars (\$599) to a claimant identified under subsection (a), the commission shall deduct the amount of the obligation from the prize money and transmit the deducted amount to the auditor of state. The commission shall pay the balance of the prize money to the prize winner after deduction of the obligation. If a prize winner owes multiple obligations subject to offset under this section and the prize is insufficient to cover all obligations, the amount of the prize shall be applied as follows:

- (1) First, to the child support obligations owed by the prize winner that are collected and paid to a recipient through a court.
- (2) Second, to judgments owed by the prize winner.
- (3) Third, to tax liens owed by the prize winner.
- (4) Fourth, to unsecured debts owed by the prize winner.

Within each of the categories described in subdivisions (1) through (4), the amount and priority of the prize shall be applied in the manner that the auditor of state determines to be appropriate. The commission shall reimburse the auditor of state pursuant to an agreement under IC 4-30-15-5 for the expenses incurred by the auditor of state in carrying out the duties required by this section.

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(c) As used in this section, "debt" means an obligation that is evidenced by an assessment or lien issued by a state agency, a judgment, or a final order of an administrative agency.

SECTION 9. IC 4-31-6-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 6. (a) The commission may refuse or deny a license application, revoke or suspend a license, or otherwise penalize a licensee, if:

- (1) the refusal, denial, revocation, suspension, or other penalty is in the public interest for the purpose of maintaining proper control over horse racing meetings or pari-mutuel wagering; and
- (2) any of the conditions listed in subsection (b) apply to the applicant or licensee.

(b) The conditions referred to in subsection (a) are as follows:

- (1) The applicant or licensee has been convicted of a felony or misdemeanor that could compromise the integrity of racing by the applicant's or licensee's participation in racing.
- (2) The applicant or licensee has had a license of the legally constituted racing authority of a state, province, or country denied, suspended, or revoked for cause within the preceding five (5) years.
- (3) The applicant or licensee is presently under suspension for cause of a license by the legally constituted racing authority of a state, province, or country.
- (4) The applicant or licensee has violated or attempted to violate a provision of this article, a rule adopted by the commission, or a law or rule with respect to horse racing in a jurisdiction.
- (5) The applicant or licensee has perpetrated or attempted to perpetrate a fraud or misrepresentation in connection with the racing or breeding of horses or pari-mutuel wagering.
- (6) The applicant or licensee has demonstrated financial irresponsibility by accumulating unpaid obligations, defaulting on obligations, or issuing drafts or checks that are dishonored or not paid.
- (7) The applicant or licensee has made a material misrepresentation in an application for a license.
- (8) The applicant or licensee has been convicted of a crime involving bookmaking, touting, or similar pursuits or has consorted with a person convicted of such an offense.
- (9) The applicant or licensee has abandoned, mistreated, abused, neglected, or engaged in an act of cruelty to a horse.
- (10) The applicant or licensee has engaged in conduct that is against the best interest of horse racing.

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(11) The applicant or licensee has failed to comply with a written order or ruling of the commission or judges pertaining to a racing matter.

(12) The applicant or licensee has failed to answer correctly under oath, to the best of the applicant's or licensee's knowledge, all questions asked by the commission or its representatives pertaining to a racing matter.

(13) The applicant or licensee has failed to return to a permit holder any purse money, trophies, or awards paid in error or ordered redistributed by the commission.

(14) The applicant or licensee has had possession of an alcoholic beverage on a permit holder's premises, other than a beverage legally sold through the permit holder's concession operation.

(15) The applicant or licensee has interfered with or obstructed a member of the commission, a commission employee, or a racing official while performing official duties.

(16) The name of the applicant or licensee appears on the department of state revenue's most recent tax warrant list, and the person's ~~delinquent tax liability~~ **tax warrant** has not been satisfied.

(17) The applicant or licensee has pending criminal charges.

(18) The applicant or licensee has racing disciplinary charges pending in Indiana or another jurisdiction.

(19) The applicant or licensee is unqualified to perform the duties required under this article or the rules of the commission.

SECTION 10. IC 4-35-8-1, AS ADDED BY P.L.233-2007, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) A graduated slot machine wagering tax is imposed as follows on **one hundred percent (100%)** of the adjusted gross receipts received **before July 1, 2012, and on ninety-nine percent (99%) of the adjusted gross receipts received after June 30, 2012**, from wagering on gambling games authorized by this article:

(1) Twenty-five percent (25%) of the first one hundred million dollars (\$100,000,000) of adjusted gross receipts received during the period beginning July 1 of each year and ending June 30 of the following year.

(2) Thirty percent (30%) of the adjusted gross receipts in excess of one hundred million dollars (\$100,000,000) but not exceeding two hundred million dollars (\$200,000,000) received during the period beginning July 1 of each year and ending June 30 of the following year.

(3) Thirty-five percent (35%) of the adjusted gross receipts in

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excess of two hundred million dollars (\$200,000,000) received during the period beginning July 1 of each year and ending June 30 of the following year.

(b) A licensee shall remit the tax imposed by this section to the department before the close of the business day following the day the wagers are made.

(c) The department may require payment under this section to be made by electronic funds transfer (as defined in IC 4-8.1-2-7(f)).

(d) If the department requires taxes to be remitted under this chapter through electronic funds transfer, the department may allow the licensee to file a monthly report to reconcile the amounts remitted to the department.

(e) The payment of the tax under this section must be on a form prescribed by the department.

SECTION 11. IC 5-11-1-4, AS AMENDED BY P.L.176-2009, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 4. (a) The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision.

(b) The department of local government finance may not approve the budget of a political subdivision or a supplemental appropriation for a political subdivision until the political subdivision files an annual report under subsection (a) for the preceding calendar year.

SECTION 12. IC 5-11-1-9, AS AMENDED BY P.L.217-2007, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) The state examiner, personally or through the deputy examiners, field examiners, or private examiners, shall examine all accounts and all financial affairs of every public office and officer, state office, state institution, and entity.

- (b) An examination of an entity deriving:
 - (1) less than fifty percent (50%); or
 - (2) at least fifty percent (50%) but less than ~~one~~ **two** hundred thousand dollars (~~\$100,000~~) (**\$200,000**) if the entity is organized as a not-for-profit corporation;

of its disbursements during the period of time subject to an examination from appropriations, public funds, taxes, and other sources

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of public expense shall be limited to matters relevant to the use of the public money received by the entity.

(c) The examination of an entity described in subsection (b) may be waived or deferred by the state examiner if the state examiner determines in writing that all disbursements of public money during the period subject to examination were made for the purposes for which the money was received. However, the:

- (1) Indiana economic development corporation created by IC 5-28-3 and the corporation's funds, accounts, and financial affairs; and
- (2) department of financial institutions established by IC 28-11-1-1 and the department's funds, accounts, and financial affairs;

shall be examined biennially by the state board of accounts.

(d) On every examination under this section, inquiry shall be made as to the following:

- (1) The financial condition and resources of each municipality, office, institution, or entity.
- (2) Whether the laws of the state and the uniform compliance guidelines of the state board of accounts established under section 24 of this chapter have been complied with.
- (3) The methods and accuracy of the accounts and reports of the person examined.

The examinations shall be made without notice.

(e) If during an examination of a state office under this chapter the examiner encounters an inefficiency in the operation of the state office, the examiner may comment on the inefficiency in the examiner's report.

(f) The state examiner, deputy examiners, any field examiner, or any private examiner, when engaged in making any examination or when engaged in any official duty devolved upon them by the state examiner, is entitled to do the following:

- (1) Enter into any state, county, city, township, or other public office in this state, or any entity, agency, or instrumentality, and examine any books, papers, documents, or electronically stored information for the purpose of making an examination.
- (2) Have access, in the presence of the custodian or the custodian's deputy, to the cash drawers and cash in the custody of the officer.
- (3) During business hours, examine the public accounts in any depository that has public funds in its custody pursuant to the laws of this state.

(g) The state examiner, deputy examiner, or any field examiner,

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when engaged in making any examination authorized by law, may issue subpoenas for witnesses to appear before the examiner in person or to produce books, papers, or other records (including records stored in electronic data processing systems) for inspection and examination. The state examiner, deputy examiner, and any field examiner may administer oaths and examine witnesses under oath orally or by interrogatories concerning the matters under investigation and examination. Under the authority of the state examiner, the oral examinations may be transcribed with the reasonable expense paid by the examined person in the same manner as the compensation of the field examiner is paid. The subpoenas shall be served by any person authorized to serve civil process from any court in this state. If a witness duly subpoenaed refuses to attend, refuses to produce information required in the subpoena, or attends and refuses to be sworn or affirmed, or to testify when called upon to do so, the examiner may apply to the circuit court having jurisdiction of the witness for the enforcement of attendance and answers to questions as provided by the law governing the taking of depositions.

SECTION 13. IC 5-11-1-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 26. (a) If a state office, municipality, or other entity has authority to contract for the construction, reconstruction, alteration, repair, improvement, or maintenance of a public work, the state board of accounts shall include in each examination report concerning the state office, municipality, or entity:

- (1) an opinion concerning whether the state office, municipality, or entity has complied with IC 5-16-8; and
- (2) a brief description of each instance in which the state office, municipality, or entity has exercised its authority under IC 5-16-8-2(b) or IC 5-16-8-4.

(b) If a municipality or a county performs a public work by means of its own workforce under IC 36-1-12-3, the state board of accounts shall include the following in each examination report concerning the municipality or county:

- (1) An opinion concerning whether the municipality or county has complied with IC 36-1-12-3 for each public work performed by the entity's own workforce.**
- (2) A brief description of each public work that the municipality or county has performed with its own workforce under IC 36-1-12-3, including a calculation of the actual cost of each public work under IC 36-1-12-3.**
- (3) An opinion concerning whether the municipality or county**

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has complied with IC 36-1-12-19 in calculating the actual costs of a public work project performed under IC 36-1-12-3.

(c) If a state agency performs a public work by means of its own workforce under IC 4-13.6-5-4, the state board of accounts shall include the following in each examination report concerning the agency:

- (1) An opinion concerning whether the agency has complied with IC 4-13.6-5-4 for each public work performed by the agency's own workforce.
- (2) A brief description of each public work that the agency has performed with its own workforce under IC 4-13.6-5-4, including a calculation of the actual cost of each public work under IC 4-13.6-5-4.
- (3) An opinion concerning whether the agency has complied with IC 4-13.6-5-4(c) in calculating the actual costs of a public work project performed under IC 4-13.6-5-4.

(d) If a state educational institution performs a public work by means of its own workforce under IC 5-16-1-1.5, the state board of accounts shall include the following in each examination report concerning the state educational institution:

- (1) An opinion concerning whether the state educational institution has complied with IC 5-16-1-1.5 for each public work performed by the state educational institution's own workforce.
- (2) A brief description of each public work that the state educational institution has performed with its own workforce under IC 5-16-1-1.5, including a calculation of the actual cost of each public work under IC 5-16-1-1.5.
- (3) An opinion concerning whether the state educational institution has complied with IC 5-16-1-1.5 in calculating the actual costs of a public work project performed under IC 5-16-1-1.5.

~~(b)~~ (e) The state board of accounts may exercise any of its powers under this chapter concerning public accounts to carry out this section, including the power to require a uniform system of accounting or the use of forms prescribed by the state board of accounts.

SECTION 14. IC 5-11-13-1, AS AMENDED BY P.L.169-2006, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) Every state, county, city, town, township, or school official, elective or appointive, who is the head of or in charge of any office, department, board, or commission of the state or of any county, city, town, or township, and every state, county, city, town, or

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township employee or agent who is the head of, or in charge of, or the executive officer of any department, bureau, board, or commission of the state, county, city, town, or township, and every executive officer by whatever title designated, who is in charge of any state educational institution or of any other state, county, or city institution, shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents in their respective offices, departments, boards, commissions, and institutions, and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts. However, no more than one (1) report covering the same officers, employees, and agents need be made from the state or any county, city, town, township, or school unit in any one year.

(b) The department of local government finance may not approve the budget of a county, city, town, or township or a supplemental appropriation for a county, city, town, or township until the county, city, town, or township files an annual report under subsection (a) for the preceding calendar year.

SECTION 15. IC 5-14-3.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 3.5. Access to Financial Data for State Agencies

Sec. 1. (a) As used in this chapter, "state agency" means an authority, a board, a branch, a commission, a committee, a department, a division, or another instrumentality of government, including the administrative branch of state government, the legislative branch of state government, and the judicial branch of state government.

(b) The term does not include a state educational institution.

Sec. 2. (a) The auditor of state, working with the office of technology established by IC 4-13.1-2-1, or another organization that is part of a state educational institution, and the office of management and budget established by IC 4-3-22-3, shall post on the Indiana transparency Internet web site the following data:

(1) A listing of state expenditures and fund balances, including expenditures for contracts, grants, and leases.

(2) A listing of state owned real and personal property that has a value of more than twenty thousand dollars (\$20,000).

The web site must be electronically searchable by the public and must be intuitive to users of the web site.

(b) The data base must include for each state agency:

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- (1) the amount, date, payer, and payee of expenditures;**
- (2) a listing of state expenditures by:**
 - (A) personal services;**
 - (B) other operating expenses; or**
 - (C) total operating expenses;****to reflect how the funds were appropriated in the state budget act;**
- (3) a listing of state fund balances; and**
- (4) a listing of property owned by the state.**

Sec. 3. The auditor of state may enhance and organize the presentation of the information through the use of graphic representations.

Sec. 4. (a) The auditor of state may not allow public access under this section to:

- (1) a payee's address;**
- (2) personal information that is protected under state or federal law or rule; or**
- (3) information that is protected as a trade secret under state or federal law or by rule.**

(b) The auditor of state may make information protected under subsection (a) available in an aggregate format only.

Sec. 5. The state and state officers, officials, and employees are immune from any civil liability for posting confidential information under section 4 of this chapter if the information was posted in reliance on a determination made by a state agency about the confidentiality of information relating to the agency's expenditures or fund balances.

Sec. 6. To the extent any information required to be in the data base is collected or maintained by a state agency, the state agency shall provide that information to the auditor of state for inclusion in the data base.

Sec. 7. The auditor of state may not charge a fee for access to the data base.

Sec. 8. Except as provided in section 9 of this chapter, a state agency shall cooperate with and provide information to the auditor of state as necessary to implement and administer this chapter.

Sec. 9. This chapter does not require a state agency to record information or expend resources for the purpose of computer programming to make information reportable under this chapter.

Sec. 10. The office of technology established by IC 4-13.1-2-1 shall work with the auditor of state to include a link on the Internet web site established under this chapter to the Internet web site of

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each Internet web site operated by:

- (1) the state; or
- (2) a state agency.

Sec. 11. Each state agency shall include a link on the agency's Internet web site to the Internet web site established under this chapter.

Sec. 12. The auditor of state and the office of technology shall initially complete the design of the Internet web site and establish and post the information required under this chapter for all state agencies.

Sec. 13. Not later than November 15, 2011, the auditor of state shall provide a report to the state board of finance and the legislative council that details the progress the auditor has made to comply with this chapter. The report to the legislative council must be in an electronic format under IC 5-14-6.

Sec. 14. In order to comply with this chapter, the auditor may require that forms required to be submitted under this chapter be submitted in an electronic format.

SECTION 16. IC 5-14-3.6 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 3.6. Access to Financial Data for State Educational Institutions

Sec. 1. As used in this chapter, "commission" refers to the commission for higher education of the state of Indiana established by IC 21-18-2.

Sec. 2. As used in this chapter, "state educational institution" has the meaning set forth in IC 21-7-13-32.

Sec. 3. The commission shall establish a web site where members of the public may view the following:

- (1) The audited financial statement of each state educational institution.
- (2) A comparison between the amount appropriated to each state educational institution and the amount allotted for expenditure by the state educational institution.
- (3) Information concerning the outstanding debt of each state educational institution, the purposes for which the outstanding debt was used, and the sources of repayment for the outstanding debt.
- (4) For each state educational institution, all financial and other reports to a state agency that are public records.

Sec. 4. Each state educational institution shall include a link on

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the state educational institution's Internet web site to the web site established under this chapter.

Sec. 5. Not later than November 15, 2011, the commission shall provide a report to the state board of finance and the legislative council on the progress the commission has made to comply with this chapter. The report to the legislative council must be in an electronic format under IC 5-14-6.

SECTION 17. IC 5-14-3.7 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 3.7. Access to Financial Data for Local Schools

Sec. 1. As used in this chapter, "department" means the department of education established by IC 20-19-3-1.

Sec. 2. As used in this chapter, "public school" has the meaning set forth in IC 20-18-2-15.

Sec. 3. (a) The department, working with the office of technology established by IC 4-13.1-2-1 or another organization that is part of a state educational institution, the state board of accounts established by IC 5-11-1-1, the department of local government finance established under IC 6-1.1-30-1.1, and the office of management and budget established by IC 4-3-22-3, shall post on the Indiana transparency Internet web site a data base that lists expenditures and fund balances, including expenditures for contracts, grants, and leases, for public schools. The web site must be electronically searchable by the public.

(b) The data base must include for public schools:

- (1) the amount, date, payer, and payee of expenditures;
- (2) a listing of expenditures by:
 - (A) personal services;
 - (B) other operating expenses; or
 - (C) total operating expenses;
- (3) a listing of fund balances;
- (4) a listing of real and personal property owned by the public school; and
- (5) the report required under IC 6-1.1-33.5-7.

Sec. 4. To the extent possible, the department shall present information in the data base established under this chapter in a manner that is searchable and intuitive to users.

Sec. 5. (a) The department may not allow public access under this section to:

- (1) a payee's address;
- (2) personal information that is protected under state or

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federal law or rule; or

(3) information that is protected as a trade secret under state or federal law or by rule.

(b) The department may make information protected under subsection (a) available in an aggregate format only.

Sec. 6. Employees of the state are immune from any civil liability for posting confidential information under section 5 of this chapter if an employee of the state posted the information in reliance on a determination made by a public school about the confidentiality of information relating to the educational institution's expenditures or fund balances.

Sec. 7. To the extent any information required to be in the data base is collected or maintained by a public school, the public school shall provide that information to the department for inclusion in the data base.

Sec. 8. The department may not charge a fee for access to the data base.

Sec. 9. Except as provided in section 10 of this chapter, a public school shall cooperate with and provide information to the department as necessary to implement and administer this chapter.

Sec. 10. This chapter does not require a public school or state agency to record information or expend resources for the purpose of computer programming to make information reportable under this chapter. This section does not waive requirements under any law that a prescribed form must be submitted electronically.

Sec. 11. The office of technology established by IC 4-13.1-2-1 shall work with the department to include a link on the Internet web site established under this chapter to the Internet web site of each Internet web site operated by:

- (1) the state; or
- (2) a public school.

Sec. 12. Each public school shall include a link on the public school's Internet web site to the Internet web site established under this chapter.

Sec. 13. The department and the office of technology shall initially complete the design of the Internet web site and establish and post the information required under this chapter for all public schools.

Sec. 14. Not later than November 15, 2011, the department shall provide a report to the state board of finance and the legislative council on the progress the office has made to comply with this chapter. The report to the legislative council must be in an

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electronic format under IC 5-14-6.

Sec. 15. In order to comply with this chapter, the department may require that forms required to be submitted under this chapter be submitted in an electronic format.

SECTION 18. IC 5-14-3.8 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 3.8. Access to Financial Data for Local Units

Sec. 1. As used in this chapter, "department" means the department of local government finance established under IC 6-1.1-30-1.1.

Sec. 2. As used in this chapter, "political subdivision" has the meaning set forth in IC 5-11-10.5-1.

Sec. 3. (a) The department, working with the office of technology established by IC 4-13.1-2-1, or another organization that is part of a state educational institution, the office of management and budget established by IC 4-3-22-3, and the state board of accounts established by IC 5-11-1-1, shall post on the Indiana transparency Internet web site the following:

- (1) The financial reports required by IC 5-11-1-4.
- (2) The report on expenditures per capita prepared under IC 6-1.1-33.5-7.
- (3) A listing of the property tax rates certified by the department.
- (4) An index of audit reports prepared by the state board of accounts.
- (5) Any other financial information deemed appropriate by the department.

Sec. 4. Employees of the department are immune from any civil liability for posting confidential information under section 3 of this chapter if an employee of the department posted the information in reliance on a determination made by a political subdivision.

Sec. 5. This chapter does not require a political subdivision to record information or expend resources for the purpose of computer programming to make information reportable under this chapter. This section does not waive requirements under any law that a prescribed form must be submitted electronically.

Sec. 6. Not later than November 15, 2011, the department shall provide a report to the state board of finance and the legislative council that details the progress the department has made to comply with this chapter. The report to the legislative council must be in an electronic format under IC 5-14-6.

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Sec. 7. The department may require that prescribed forms be submitted in an electronic format.

SECTION 19. IC 5-16-1-1.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1.5. (a) The governing board of any state educational institution, acting on behalf of said institution, may purchase materials in the manner provided by law and perform any work by means of its own employees and owned or leased equipment in the construction, rehabilitation, extension, maintenance, or repair of any building, structure, improvement, or facility of said institutions, without awarding a contract therefor, whenever the cost of such work shall be estimated to be less than **one hundred** fifty thousand dollars (~~\$50,000~~). (**\$150,000**).

(b) The workforce of a state educational institution may perform a public work described in subsection (a) only if:

- (1) the workforce, through demonstrated skills, training, or expertise, is capable of performing the public work; and**
- (2) for a public work project under subsection (a) whose cost is estimated to be more than one hundred thousand dollars (\$100,000), the state educational institution:**

(A) publishes a notice under IC 5-3-1 that:

- (i) describes the public work that the state educational institution intends to perform with its own workforce; and**
- (ii) sets forth the projected cost of each component of the public work as described in subsection (a); and**

(B) determines at a public meeting that it is in the public interest to perform the public work with the state educational institution's own workforce.

A public work project performed by a state educational institution's own workforce must be inspected and accepted as complete in the same manner as a public work project performed under a contract awarded after receiving bids.

(c) If a public work project involves a structure, an improvement, or a facility under the control of a state educational institution, the state educational institution may not artificially divide the project to bring any part of the project under this section.

SECTION 20. IC 5-16-1-1.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1.7. On agricultural or forestry land owned or occupied by Purdue University and used by it for educational or research purposes, the trustees of the university may, upon a declaration of necessity recorded in its minutes, award contracts

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without advertising for bids or otherwise satisfying the requirements of this chapter, if the cost of work is estimated to be less than **fifty two hundred** thousand dollars ~~(\$50,000)~~: **(\$200,000)**. However, bids shall be invited from at least three (3) or more persons, firms, limited liability companies, or corporations known to deal in the work required to be done. The minutes of the board shall show the names of those invited to bid.

SECTION 21. IC 5-16-1-1.9, AS AMENDED BY P.L.2-2007, SECTION 103, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1.9. Notwithstanding this article, a state educational institution may award a contract for any construction or repair work to any building, structure, or improvement of the institution without advertising for bids and meeting other contract awarding requirements of this article whenever the estimated cost of the project is less than **one hundred** fifty thousand dollars ~~(\$50,000)~~: **(\$150,000)**. However, in awarding any contract under this section the state educational institution must do the following:

- (1) Invite bids from at least three (3) persons, firms, limited liability companies, or corporations known to deal in the work required to be done.
- (2) Give notice of the project if the estimated cost of the project is more than twenty-five thousand dollars (\$25,000). If required, notice must include a description of the work to be done and be given in at least one (1) newspaper of general circulation printed and published in the county in which the work is to be done.
- (3) Award the contract to the lowest and best bidder.

SECTION 22. IC 5-22-15-20.9 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 20.9. (a) This section applies only to a contract awarded by a political subdivision.**

- (b) As used in this section, "affected county" refers to a county:**
 - (1) in which the political subdivision awarding a contract under this article is located; or**
 - (2) that is adjacent to the county described in subdivision (1).**

(c) As used in this section, "local Indiana business" refers to any of the following:

- (1) A business whose principal place of business is located in an affected county.**
- (2) A business that pays a majority of its payroll (in dollar volume) to residents of affected counties.**
- (3) A business that employs residents of affected counties as a majority of its employees.**

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(4) A business that makes significant capital investments in the affected counties as defined in rules adopted by the political subdivision.

(5) A business that has a substantial positive economic impact on the affected counties as defined by criteria in rules adopted by the political subdivision.

(d) There are the following price preferences for supplies purchased from a local Indiana business:

(1) Five percent (5%) for a purchase expected by the purchasing agency to be less than fifty thousand dollars (\$50,000).

(2) Three percent (3%) for a purchase expected by the purchasing agency to be at least fifty thousand dollars (\$50,000) but less than one hundred thousand dollars (\$100,000).

(3) One percent (1%) for a purchase expected by the purchasing agency to be at least one hundred thousand dollars (\$100,000).

(e) Notwithstanding subsection (d), a purchasing agency may award a contract to the lowest responsive and responsible offeror, regardless of the preference provided in this section, if the lowest responsive and responsible offeror is a local Indiana business.

(f) A business that wants to claim a preference provided under this section must do all the following:

(1) State in the business's bid that the business claims the preference provided by this section.

(2) Provide the following information to the purchasing agency:

(A) The location of the business's principal place of business. If the business claims the preference as a local Indiana business described in subsection (c)(1), a statement explaining the reasons the business considers the location named as the business's principal place of business.

(B) The amount of the business's total payroll and the amount of the business's payroll paid to residents of affected counties.

(C) The number of the business's employees and the number of the business's employees who are residents of affected counties.

(D) If the business claims the preference as a local Indiana business described in subsection (c)(4), a description of the capital investments made in the affected counties and a

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statement of the amount of those capital investments.

(E) If the business claims the preference as a local Indiana business described in subsection (c)(5), a description of the substantial positive economic impact the business has on the affected counties.

SECTION 23. IC 5-28-6-1, AS ADDED BY P.L.4-2005, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. The corporation shall do the following:

- (1) Create and regularly update a strategic economic development plan.
- (2) Establish strategic benchmarks and performance measures.
- (3) Monitor and report on Indiana's economic performance.
- (4) Market Indiana to businesses worldwide.
- (5) Assist Indiana businesses that want to grow.
- (6) Solicit funding from the private sector for selected initiatives.
- (7) Provide for the orderly economic development and growth of Indiana.
- (8) Establish and coordinate the operation of programs commonly available to all citizens of Indiana to implement a strategic plan for the state's economic development and enhance the general welfare.
- (9) Evaluate and analyze the state's economy to determine the direction of future public and private actions, and report and make recommendations to the general assembly in an electronic format under IC 5-14-6 with respect to the state's economy.
- (10) Conduct a statewide study to determine specific economic sectors that should be emphasized by the state and by local economic development organizations within geographic regions in Indiana.**
- (11) Report in an electronic format under IC 5-14-6 the results of the study conducted under subdivision (10) to the interim study committee on economic development established by IC 2-5-31.8-1.**

SECTION 24. IC 5-28-6-2, AS AMENDED BY P.L.120-2008, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 2. (a) The corporation shall develop and promote programs designed to make the best use of Indiana resources to ensure a balanced economy and continuing economic growth for Indiana, and, for those purposes, may do the following:

- (1) Cooperate with federal, state, and local governments and agencies in the coordination of programs to make the best use of Indiana resources, **based on a statewide study to determine**

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specific economic sectors that should be emphasized by the state and by local economic development organizations within geographic regions in Indiana.

(2) Receive and expend funds, grants, gifts, and contributions of money, property, labor, interest accrued from loans made by the corporation, and other things of value from public and private sources, including grants from agencies and instrumentalities of the state and the federal government. The corporation:

(A) may accept federal grants for providing planning assistance, making grants, or providing other services or functions necessary to political subdivisions, planning commissions, or other public or private organizations;

(B) shall administer these grants in accordance with the terms of the grants; and

(C) may contract with political subdivisions, planning commissions, or other public or private organizations to carry out the purposes for which the grants were made.

(3) Direct that assistance, information, and advice regarding the duties and functions of the corporation be given to the corporation by an officer, agent, or employee of the executive branch of the state. The head of any other state department or agency may assign one (1) or more of the department's or agency's employees to the corporation on a temporary basis or may direct a division or an agency under the department's or agency's supervision and control to make a special study or survey requested by the corporation.

(b) The corporation shall perform the following duties:

(1) Develop and implement industrial development programs to encourage expansion of existing industrial, commercial, and business facilities in Indiana and to encourage new industrial, commercial, and business locations in Indiana.

(2) Assist businesses and industries in acquiring, improving, and developing overseas markets and encourage international plant locations in Indiana. The corporation, with the approval of the governor, may establish foreign offices to assist in this function.

(3) Promote the growth of minority business enterprises by doing the following:

(A) Mobilizing and coordinating the activities, resources, and efforts of governmental and private agencies, businesses, trade associations, institutions, and individuals.

(B) Assisting minority businesses in obtaining governmental or commercial financing for expansion or establishment of

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- new businesses or individual development projects.
- (C) Aiding minority businesses in procuring contracts from governmental or private sources, or both.
- (D) Providing technical, managerial, and counseling assistance to minority business enterprises.
- (4) Assist the office of the lieutenant governor in:
- (A) community economic development planning;
- (B) implementation of programs designed to further community economic development; and
- (C) the development and promotion of Indiana's tourist resources.
- (5) Assist the secretary of agriculture and rural development in promoting and marketing of Indiana's agricultural products and provide assistance to the director of the Indiana state department of agriculture.
- (6) With the approval of the governor, implement federal programs delegated to the state to carry out the purposes of this article.
- (7) Promote the growth of small businesses by doing the following:
- (A) Assisting small businesses in obtaining and preparing the permits required to conduct business in Indiana.
- (B) Serving as a liaison between small businesses and state agencies.
- (C) Providing information concerning business assistance programs available through government agencies and private sources.
- (8) Establish a public information page on its current Internet site on the world wide web. The page must provide the following:
- (A) By program, cumulative information on the total amount of incentives awarded, the total number of companies that received the incentives and were assisted in a year, and the names and addresses of those companies.
- (B) A mechanism on the page whereby the public may request further information online about specific programs or incentives awarded.
- (C) A mechanism for the public to receive an electronic response.
- (c) The corporation may do the following:
- (1) Disseminate information concerning the industrial, commercial, governmental, educational, cultural, recreational, agricultural, and other advantages of Indiana.

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- (2) Plan, direct, and conduct research activities.
- (3) Assist in community economic development planning and the implementation of programs designed to further community economic development.

SECTION 25. IC 5-28-11-10 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 10. The corporation shall collaborate with local economic development organizations throughout Indiana. Before August 1 each year through 2014, the corporation shall submit a written report to the interim study committee on economic development established by IC 2-5-31.8-1, indicating how the corporation has collaborated with local economic development organizations during the previous state fiscal year.**

SECTION 26. IC 6-1.1-3-7.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MAY 15, 2011 (RETROACTIVE)]: **Sec. 7.5. (a) A taxpayer may file an amended personal property tax return, in conformity with the rules adopted by the department of local government finance, not more than six (6) months, if the filing date for the original personal property tax return is before May 15, 2011, or twelve (12) months, if the filing date for the original personal property tax return is after May 14, 2011, after the later of the following:**

- (1) The filing date for the original personal property tax return, if the taxpayer is not granted an extension in which to file under section 7 of this chapter.
- (2) The extension date for the original personal property tax return, if the taxpayer is granted an extension under section 7 of this chapter.

(b) A tax adjustment related to an amended personal property tax return shall be made in conformity with rules adopted under IC 4-22-2 by the department of local government finance.

(c) If a taxpayer wishes to correct an error made by the taxpayer on the taxpayer's original personal property tax return, the taxpayer must file an amended personal property tax return under this section within the time required by subsection (a). A taxpayer may claim on an amended personal property tax return any adjustment or exemption that would have been allowable under any statute or rule adopted by the department of local government finance if the adjustment or exemption had been claimed on the original personal property tax return.

- (d) Notwithstanding any other provision, if:
 - (1) a taxpayer files an amended personal property tax return under

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this section in order to correct an error made by the taxpayer on the taxpayer's original personal property tax return; and

(2) the taxpayer is entitled to a refund of personal property taxes paid by the taxpayer under the original personal property tax return;

the taxpayer is not entitled to interest on the refund.

(e) If a taxpayer files an amended personal property tax return for a year before July 16 of that year, the taxpayer shall pay taxes payable in the immediately succeeding year based on the assessed value reported on the amended return.

(f) If a taxpayer files an amended personal property tax return for a year after July 15 of that year, the taxpayer shall pay taxes payable in the immediately succeeding year based on the assessed value reported on the taxpayer's original personal property tax return. **Subject to subsection (l), a taxpayer that paid taxes under this subsection is entitled to a credit in the amount of taxes paid by the taxpayer on the remainder of:**

(1) the assessed value reported on the taxpayer's original personal property tax return; minus

(2) the finally determined assessed value that results from the filing of the taxpayer's amended personal property tax return.

Except as provided in subsection (k), the county auditor ~~shall~~ **may** apply the credit against the taxpayer's property taxes on personal property payable in the year **or years** that immediately ~~succeeds~~ **succeed** the year in which the taxes were paid, **as applicable. The county is not required to pay interest on any amounts that a taxpayer is entitled to receive as a credit under this section.**

(g) ~~If the amount of the A county auditor may carry a credit to which the taxpayer is entitled under subsection (f) exceeds the amount of the taxpayer's property taxes on personal property payable in the year that immediately succeeds the year in which the taxes were paid, the county auditor shall apply the amount of the excess forward to the immediately succeeding year or years, as applicable, and use the credit against the taxpayer's property taxes on personal property in the next succeeding year. as follows:~~

(1) If the amount of the credit to which the taxpayer is initially entitled under subsection (f) does not exceed twenty-five thousand dollars (\$25,000), the county auditor may carry the credit forward to the year immediately succeeding the year in which the taxes were paid.

(2) If the amount of the credit to which the taxpayer is initially entitled under subsection (f) exceeds twenty-five

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thousand dollars (\$25,000), the county auditor may carry the credit forward for not more than three (3) consecutive years immediately succeeding the year in which the taxes were paid. The credit is reduced each time the credit is applied to the taxpayer's property taxes on personal property in succeeding years by the amount applied.

(h) ~~Not later than December 31 of the year in which a credit is applied under subsection (g);~~ **If an excess credit remains after the credit is applied in the final year to which the credit may be carried forward under subsection (g),** the county auditor shall refund to the taxpayer the amount of any excess credit that remains after application of the credit under subsection (g) **not later than December 31 of the final year to which the excess credit may be carried.**

(i) The taxpayer is not required to file an application for:

- (1) a credit under subsection (f) or (g); or
- (2) a refund under subsection (h).

(j) Before August 1 of each year, the county auditor shall provide to each taxing unit in the county an estimate of the total amount of the credits under subsection (f) or (g) that will be applied against taxes imposed by the taxing unit that are payable in the immediately succeeding year.

(k) A county auditor may refund a credit amount to a taxpayer before the time the credit would otherwise be applied against property tax payments under this section.

(l) If a person:

- (1) files an amended personal property tax return more than six (6) months, but less than twelve (12) months, after the filing date or (if the taxpayer is granted an extension under section 7 of this chapter) the extension date for the original personal property tax return being amended; and**
- (2) is entitled to a credit or refund as a result of the amended return;**

the county auditor shall reduce the credit or refund payable to the person. The amount of the reduction is ten percent (10%) of the credit or refund amount.

SECTION 27. IC 6-1.1-4-27.5, AS AMENDED BY P.L.146-2008, SECTION 78, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 27.5. (a) The auditor of each county shall establish a property reassessment fund. The county treasurer shall deposit all collections resulting from the property taxes that the county levies for the county's property reassessment fund.

(b) With respect to the general reassessment of real property that is

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to commence on July 1, ~~2009~~, **2010**, the county council of each county shall, for property taxes due in 2006, 2007, 2008, and 2009, levy in each year against all the taxable property in the county an amount equal to one-fourth (1/4) of the remainder of:

- (1) the estimated costs referred to in section 28.5(a) of this chapter; minus
- (2) the amount levied under this section by the county council for property taxes due in 2004 and 2005.

(c) With respect to a general reassessment of real property that is to commence on July 1, ~~2014~~, **2015**, and each fifth year thereafter, the county council of each county shall, for property taxes due in the year that the general reassessment is to commence and the four (4) years preceding that year, levy against all the taxable property in the county an amount equal to one-fifth (1/5) of the estimated costs of the general reassessment under section 28.5 of this chapter.

(d) The department of local government finance shall give to each county council notice, before January 1 in a year, of the tax levies required by this section for that year.

(e) The department of local government finance may raise or lower the property tax levy under this section for a year if the department determines it is appropriate because the estimated cost of:

- (1) a general reassessment; or
- (2) making annual adjustments under section 4.5 of this chapter; has changed.

(f) The county assessor may petition the county fiscal body to increase the levy under subsection (b) or (c) to pay for the costs of:

- (1) a general reassessment;
- (2) verification under 50 IAC 21-3-2 of sales disclosure forms forwarded to the county assessor under IC 6-1.1-5.5-3; or
- (3) processing annual adjustments under section 4.5 of this chapter.

The assessor must document the needs and reasons for the increased funding.

(g) If the county fiscal body denies a petition under subsection (f), the county assessor may appeal to the department of local government finance. The department of local government finance shall:

- (1) hear the appeal; and
- (2) determine whether the additional levy is necessary.

SECTION 28. IC 6-1.1-12-37, AS AMENDED BY P.L.113-2010, SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2011 (RETROACTIVE)]: Sec. 37. (a) The following definitions apply throughout this section:



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- (1) "Dwelling" means any of the following:
- (A) Residential real property improvements that an individual uses as the individual's residence, including a house or garage.
 - (B) A mobile home that is not assessed as real property that an individual uses as the individual's residence.
 - (C) A manufactured home that is not assessed as real property that an individual uses as the individual's residence.
- (2) "Homestead" means an individual's principal place of residence:
- (A) that is located in Indiana;
 - (B) that:
 - (i) the individual owns;
 - (ii) the individual is buying under a contract; recorded in the county recorder's office, that provides that the individual is to pay the property taxes on the residence;
 - (iii) the individual is entitled to occupy as a tenant-stockholder (as defined in 26 U.S.C. 216) of a cooperative housing corporation (as defined in 26 U.S.C. 216); or
 - (iv) is a residence described in section 17.9 of this chapter that is owned by a trust if the individual is an individual described in section 17.9 of this chapter; and
 - (C) that consists of a dwelling and the real estate, not exceeding one (1) acre, that immediately surrounds that dwelling.

Except as provided in subsection (k), the term does not include property owned by a corporation, partnership, limited liability company, or other entity not described in this subdivision.

(b) Each year a homestead is eligible for a standard deduction from the assessed value of the homestead for an assessment date. The deduction provided by this section applies to property taxes first due and payable for an assessment date only if an individual has an interest in the homestead described in subsection (a)(2)(B) on:

- (1) the assessment date; or
- (2) any date in the same year after an assessment date that a statement is filed under subsection (e) or section 44 of this chapter, if the property consists of real property.

Subject to subsection (c), the auditor of the county shall record and make the deduction for the individual or entity qualifying for the deduction.

(c) Except as provided in section 40.5 of this chapter, the total amount of the deduction that a person may receive under this section

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for a particular year is the lesser of:

- (1) sixty percent (60%) of the assessed value of the real property, mobile home not assessed as real property, or manufactured home not assessed as real property; or
- (2) forty-five thousand dollars (\$45,000).

(d) A person who has sold real property, a mobile home not assessed as real property, or a manufactured home not assessed as real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property, mobile home, or manufactured home may not claim the deduction provided under this section with respect to that real property, mobile home, or manufactured home.

(e) Except as provided in sections 17.8 and 44 of this chapter and subject to section 45 of this chapter, an individual who desires to claim the deduction provided by this section must file a certified statement in duplicate, on forms prescribed by the department of local government finance, with the auditor of the county in which the homestead is located. The statement must include:

- (1) the parcel number or key number of the property and the name of the city, town, or township in which the property is located;
- (2) the name of any other location in which the applicant or the applicant's spouse owns, is buying, or has a beneficial interest in residential real property;
- (3) the names of:
 - (A) the applicant and the applicant's spouse (if any):
 - (i) as the names appear in the records of the United States Social Security Administration for the purposes of the issuance of a Social Security card and Social Security number; or
 - (ii) that they use as their legal names when they sign their names on legal documents;
 if the applicant is an individual; or
 - (B) each individual who qualifies property as a homestead under subsection (a)(2)(B) and the individual's spouse (if any):
 - (i) as the names appear in the records of the United States Social Security Administration for the purposes of the issuance of a Social Security card and Social Security number; or
 - (ii) that they use as their legal names when they sign their names on legal documents;
 if the applicant is not an individual; and
- (4) either:

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(A) the last five (5) digits of the applicant's Social Security number and the last five (5) digits of the Social Security number of the applicant's spouse (if any); or

(B) if the applicant or the applicant's spouse (if any) do not have a Social Security number, any of the following for that individual:

(i) The last five (5) digits of the individual's driver's license number.

(ii) The last five (5) digits of the individual's state identification card number.

(iii) If the individual does not have a driver's license or a state identification card, the last five (5) digits of a control number that is on a document issued to the individual by the federal government and determined by the department of local government finance to be acceptable.

If a form or statement provided to the county auditor under this section, IC 6-1.1-22-8.1, or IC 6-1.1-22.5-12 includes the telephone number or part or all of the Social Security number of a party or other number described in subdivision (4)(B) of a party, the telephone number and the Social Security number or other number described in subdivision (4)(B) included are confidential. The statement may be filed in person or by mail. If the statement is mailed, the mailing must be postmarked on or before the last day for filing. The statement applies for that first year and any succeeding year for which the deduction is allowed. With respect to real property, the statement must be completed and dated in the calendar year for which the person desires to obtain the deduction and filed with the county auditor on or before January 5 of the immediately succeeding calendar year. With respect to a mobile home that is not assessed as real property, the person must file the statement during the twelve (12) months before March 31 of the year for which the person desires to obtain the deduction.

(f) If an individual who is receiving the deduction provided by this section or who otherwise qualifies property for a deduction under this section:

(1) changes the use of the individual's property so that part or all of the property no longer qualifies for the deduction under this section; or

(2) is no longer eligible for a deduction under this section on another parcel of property because:

(A) the individual would otherwise receive the benefit of more than one (1) deduction under this chapter; or

(B) the individual maintains the individual's principal place of

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residence with another individual who receives a deduction under this section;

the individual must file a certified statement with the auditor of the county, notifying the auditor of the change of use, not more than sixty (60) days after the date of that change. An individual who fails to file the statement required by this subsection is liable for any additional taxes that would have been due on the property if the individual had filed the statement as required by this subsection plus a civil penalty equal to ten percent (10%) of the additional taxes due. The civil penalty imposed under this subsection is in addition to any interest and penalties for a delinquent payment that might otherwise be due. One percent (1%) of the total civil penalty collected under this subsection shall be transferred by the county to the department of local government finance for use by the department in establishing and maintaining the homestead property data base under subsection (i) and, to the extent there is money remaining, for any other purposes of the department. This amount becomes part of the property tax liability for purposes of this article.

(g) The department of local government finance shall adopt rules or guidelines concerning the application for a deduction under this section.

(h) This subsection does not apply to property in the first year for which a deduction is claimed under this section if the sole reason that a deduction is claimed on other property is that the individual or married couple maintained a principal residence at the other property on March 1 in the same year in which an application for a deduction is filed under this section or, if the application is for a homestead that is assessed as personal property, on March 1 in the immediately preceding year and the individual or married couple is moving the individual's or married couple's principal residence to the property that is the subject of the application. **Except as provided in subsection (n)**, the county auditor may not grant an individual or a married couple a deduction under this section if:

- (1) the individual or married couple, for the same year, claims the deduction on two (2) or more different applications for the deduction; and
- (2) the applications claim the deduction for different property.

(i) The department of local government finance shall provide secure access to county auditors to a homestead property data base that includes access to the homestead owner's name and the numbers required from the homestead owner under subsection (e)(4) for the sole purpose of verifying whether an owner is wrongly claiming a deduction

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under this chapter or a credit under IC 6-1.1-20.4, IC 6-1.1-20.6, or IC 6-3.5.

(j) The department of local government finance shall work with county auditors to develop procedures to determine whether a property owner that is claiming a standard deduction or homestead credit is not eligible for the standard deduction or homestead credit because the property owner's principal place of residence is outside Indiana.

(k) As used in this section, "homestead" includes property that satisfies each of the following requirements:

- (1) The property is located in Indiana and consists of a dwelling and the real estate, not exceeding one (1) acre, that immediately surrounds that dwelling.
- (2) The property is the principal place of residence of an individual.
- (3) The property is owned by an entity that is not described in subsection (a)(2)(B).
- (4) The individual residing on the property is a shareholder, partner, or member of the entity that owns the property.
- (5) The property was eligible for the standard deduction under this section on March 1, 2009.

(l) If a county auditor terminates a deduction for property described in subsection (k) with respect to property taxes that are:

- (1) imposed for an assessment date in 2009; and
- (2) first due and payable in 2010;

on the grounds that the property is not owned by an entity described in subsection (a)(2)(B), the county auditor shall reinstate the deduction if the taxpayer provides proof that the property is eligible for the deduction in accordance with subsection (k) and that the individual residing on the property is not claiming the deduction for any other property.

(m) For assessments dates after 2009, the term "homestead" includes:

- (1) a deck or patio;
- (2) a gazebo; or
- (3) another residential yard structure, as defined in rules adopted by the department of local government finance (other than a swimming pool);

that is assessed as real property and attached to the dwelling.

(n) A county auditor shall grant an individual a deduction under this section regardless of whether the individual and the individual's spouse claim a deduction on two (2) different applications and each application claims a deduction for different

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property if the property owned by the individual's spouse is located outside Indiana and the individual files an affidavit with the county auditor containing the following information:

- (1) The names of the county and state in which the individual's spouse claims a deduction substantially similar to the deduction allowed by this section.
- (2) A statement made under penalty of perjury that the following are true:
 - (A) That the individual and the individual's spouse maintain separate principal places of residence.
 - (B) That neither the individual nor the individual's spouse has an ownership interest in the other's principal place of residence.
 - (C) That neither the individual nor the individual's spouse has, for that same year, claimed a standard or substantially similar deduction for any property other than the property maintained as a principal place of residence by the respective individuals.

A county auditor may require an individual or an individual's spouse to provide evidence of the accuracy of the information contained in an affidavit submitted under this subsection. The evidence required of the individual or the individual's spouse may include state income tax returns, excise tax payment information, property tax payment information, driver license information, and voter registration information.

(o) If:

- (1) a property owner files a statement under subsection (e) to claim the deduction provided by this section for a particular property; and
- (2) the county auditor receiving the filed statement determines that the property owner's property is not eligible for the deduction;

the county auditor shall inform the property owner of the county auditor's determination in writing.

SECTION 29. IC 6-1.1-12-46 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)]: **Sec. 46. (a) This section applies to real property for an assessment date in 2011 or a later year if:**

- (1) the real property is not exempt from property taxation for the assessment date;
- (2) title to the real property is transferred after the

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assessment date and on or before the December 31 that next succeeds the assessment date;

(3) the transferee of the real property applies for an exemption under IC 6-1.1-11 for the next succeeding assessment date; and

(4) the county property tax assessment board of appeals determines that the real property is exempt from property taxation for that next succeeding assessment date.

(b) For the assessment date referred to in subsection (a)(1), real property is eligible for any deductions for which the transferor under subsection (a)(2) was eligible for that assessment date under the following:

- (1) IC 6-1.1-12-1.
- (2) IC 6-1.1-12-9.
- (3) IC 6-1.1-12-11.
- (4) IC 6-1.1-12-13.
- (5) IC 6-1.1-12-14.
- (6) IC 6-1.1-12-16.
- (7) IC 6-1.1-12-17.4.
- (8) IC 6-1.1-12-18.
- (9) IC 6-1.1-12-22.
- (10) IC 6-1.1-12-37.
- (11) IC 6-1.1-12-37.5.

(c) For the payment date applicable to the assessment date referred to in subsection (a)(1), real property is eligible for the credit for excessive residential property taxes under IC 6-1.1-20.6 for which the transferor under subsection (a)(2) would be eligible for that payment date if the transfer had not occurred.

SECTION 30. IC 6-1.1-15-1, AS AMENDED BY P.L.182-2009(ss), SECTION 111, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) A taxpayer may obtain a review by the county board of a county or township official's action with respect to either or both of the following:

- (1) The assessment of the taxpayer's tangible property.
- (2) A deduction for which a review under this section is authorized by any of the following:
 - (A) IC 6-1.1-12-25.5.
 - (B) IC 6-1.1-12-28.5.
 - (C) IC 6-1.1-12-35.5.
 - (D) IC 6-1.1-12.1-5.
 - (E) IC 6-1.1-12.1-5.3.
 - (F) IC 6-1.1-12.1-5.4.

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(b) At the time that notice of an action referred to in subsection (a) is given to the taxpayer, the taxpayer shall also be informed in writing of:

- (1) the opportunity for a review under this section, including a preliminary informal meeting under subsection (h)(2) with the county or township official referred to in this subsection; and
- (2) the procedures the taxpayer must follow in order to obtain a review under this section.

(c) In order to obtain a review of an assessment or deduction effective for the assessment date to which the notice referred to in subsection (b) applies, the taxpayer must file a notice in writing with the county or township official referred to in subsection (a) not later than forty-five (45) days after the date of the notice referred to in subsection (b).

(d) A taxpayer may obtain a review by the county board of the assessment of the taxpayer's tangible property effective for an assessment date for which a notice of assessment is not given as described in subsection (b). To obtain the review, the taxpayer must file a notice in writing with the township assessor, or the county assessor if the township is not served by a township assessor. The right of a taxpayer to obtain a review under this subsection for an assessment date for which a notice of assessment is not given does not relieve an assessing official of the duty to provide the taxpayer with the notice of assessment as otherwise required by this article. The notice to obtain a review must be filed not later than the later of:

- (1) May 10 of the year; or
- (2) forty-five (45) days after the date of the tax statement mailed by the county treasurer, regardless of whether the assessing official changes the taxpayer's assessment.

(e) A change in an assessment made as a result of a notice for review filed by a taxpayer under subsection (d) after the time prescribed in subsection (d) becomes effective for the next assessment date. A change in an assessment made as a result of a notice for review filed by a taxpayer under subsection (c) or (d) remains in effect from the assessment date for which the change is made until the next assessment date for which the assessment is changed under this article.

(f) The written notice filed by a taxpayer under subsection (c) or (d) must include the following information:

- (1) The name of the taxpayer.
- (2) The address and parcel or key number of the property.
- (3) The address and telephone number of the taxpayer.

(g) The filing of a notice under subsection (c) or (d):

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- (1) initiates a review under this section; and
 - (2) constitutes a request by the taxpayer for a preliminary informal meeting with the official referred to in subsection (a).
- (h) A county or township official who receives a notice for review filed by a taxpayer under subsection (c) or (d) shall:
- (1) immediately forward the notice to the county board; and
 - (2) attempt to hold a preliminary informal meeting with the taxpayer to resolve as many issues as possible by:
 - (A) discussing the specifics of the taxpayer's assessment or deduction;
 - (B) reviewing the taxpayer's property record card;
 - (C) explaining to the taxpayer how the assessment or deduction was determined;
 - (D) providing to the taxpayer information about the statutes, rules, and guidelines that govern the determination of the assessment or deduction;
 - (E) noting and considering objections of the taxpayer;
 - (F) considering all errors alleged by the taxpayer; and
 - (G) otherwise educating the taxpayer about:
 - (i) the taxpayer's assessment or deduction;
 - (ii) the assessment or deduction process; and
 - (iii) the assessment or deduction appeal process.
- (i) Not later than ten (10) days after the informal preliminary meeting, the official referred to in subsection (a) shall forward to the county auditor and the county board the results of the conference on a form prescribed by the department of local government finance that must be completed and signed by the taxpayer and the official. The form must indicate the following:
- (1) If the taxpayer and the official agree on the resolution of all assessment or deduction issues in the review, a statement of:
 - (A) those issues; and
 - (B) the assessed value of the tangible property or the amount of the deduction that results from the resolution of those issues in the manner agreed to by the taxpayer and the official.
 - (2) If the taxpayer and the official do not agree on the resolution of all assessment or deduction issues in the review:
 - (A) a statement of those issues; and
 - (B) the identification of:
 - (i) the issues on which the taxpayer and the official agree; and
 - (ii) the issues on which the taxpayer and the official disagree.

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(j) If the county board receives a form referred to in subsection (i)(1) before the hearing scheduled under subsection (k):

- (1) the county board shall cancel the hearing;
- (2) the county official referred to in subsection (a) shall give notice to the taxpayer, the county board, the county assessor, and the county auditor of the assessment or deduction in the amount referred to in subsection (i)(1)(B); and
- (3) if the matter in issue is the assessment of tangible property, the county board may reserve the right to change the assessment under IC 6-1.1-13.

(k) If:

- (1) subsection (i)(2) applies; or
- (2) the county board does not receive a form referred to in subsection (i) not later than one hundred twenty (120) days after the date of the notice for review filed by the taxpayer under subsection (c) or (d);

the county board shall hold a hearing on a review under this subsection not later than one hundred eighty (180) days after the date of that notice. The county board shall, by mail, give notice of the date, time, and place fixed for the hearing to the taxpayer and the county or township official with whom the taxpayer filed the notice for review. The taxpayer and the county or township official with whom the taxpayer filed the notice for review are parties to the proceeding before the county board.

(l) At the hearing required under subsection (k):

- (1) the taxpayer may present the taxpayer's reasons for disagreement with the assessment or deduction; and
- (2) the county or township official with whom the taxpayer filed the notice for review must present:
 - (A) the basis for the assessment or deduction decision; and
 - (B) the reasons the taxpayer's contentions should be denied.

(m) The official referred to in subsection (a) may not require the taxpayer to provide documentary evidence at the preliminary informal meeting under subsection (h). The county board may not require a taxpayer to file documentary evidence or summaries of statements of testimonial evidence before the hearing required under subsection (k). If the action for which a taxpayer seeks review under this section is the assessment of tangible property, the taxpayer is not required to have an appraisal of the property in order to do the following:

- (1) Initiate the review.
- (2) Prosecute the review.

(n) The county board shall prepare a written decision resolving all

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of the issues under review. The county board shall, by mail, give notice of its determination not later than one hundred twenty (120) days after the hearing under subsection (k) to the taxpayer, the official referred to in subsection (a), the county assessor, and the county auditor.

(o) If the maximum time elapses:

- (1) under subsection (k) for the county board to hold a hearing; or
- (2) under subsection (n) for the county board to give notice of its determination;

the taxpayer may initiate a proceeding for review before the Indiana board by taking the action required by section 3 of this chapter at any time after the maximum time elapses.

(p) This subsection applies if the assessment for which a notice of review is filed increased the assessed value of the assessed property by more than five percent (5%) over the assessed value finally determined for the immediately preceding assessment date. The county assessor or township assessor making the assessment has the burden of proving that the assessment is correct.

SECTION 31. IC 6-1.1-15-12, AS AMENDED BY P.L.182-2009(ss), SECTION 112, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 12. (a) Subject to the limitations contained in subsections (c) and (d), a county auditor shall correct errors which are discovered in the tax duplicate for any one (1) or more of the following reasons:

- (1) The description of the real property was in error.
- (2) The assessment was against the wrong person.
- (3) Taxes on the same property were charged more than one (1) time in the same year.
- (4) There was a mathematical error in computing the taxes or penalties on the taxes.
- (5) There was an error in carrying delinquent taxes forward from one (1) tax duplicate to another.
- (6) The taxes, as a matter of law, were illegal.
- (7) There was a mathematical error in computing an assessment.
- (8) Through an error of omission by any state or county officer, the taxpayer was not given:

(A) the proper credit for under IC 6-1.1-20.6-7.5 for property taxes imposed for an assessment date after January 15, 2011;

(B) any other credit permitted by law;

(C) an exemption permitted by law; or

(D) a deduction permitted by law.

(b) The county auditor shall correct an error described under

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subsection (a)(1), (a)(2), (a)(3), (a)(4), or (a)(5) when the county auditor finds that the error exists.

(c) If the tax is based on an assessment made or determined by the department of local government finance, the county auditor shall not correct an error described under subsection (a)(6), (a)(7), or (a)(8) until after the correction is either approved by the department of local government finance or ordered by the tax court.

(d) If the tax is not based on an assessment made or determined by the department of local government finance, the county auditor shall correct an error described under subsection (a)(6), (a)(7), or (a)(8) only if the correction is first approved by at least two (2) of the following officials:

- (1) The township assessor (if any).
- (2) The county auditor.
- (3) The county assessor.

If two (2) of these officials do not approve such a correction, the county auditor shall refer the matter to the county board for determination. The county board shall provide a copy of the determination to the taxpayer and to the county auditor.

(e) A taxpayer may appeal a determination of the county board to the Indiana board for a final administrative determination. An appeal under this section shall be conducted in the same manner as appeals under sections 4 through 8 of this chapter. The Indiana board shall send the final administrative determination to the taxpayer, the county auditor, the county assessor, and the township assessor (if any).

(f) If a correction or change is made in the tax duplicate after it is delivered to the county treasurer, the county auditor shall transmit a certificate of correction to the county treasurer. The county treasurer shall keep the certificate as the voucher for settlement with the county auditor.

(g) A taxpayer that files a personal property tax return under IC 6-1.1-3 may not petition under this section for the correction of an error made by the taxpayer on the taxpayer's personal property tax return. If the taxpayer wishes to correct an error made by the taxpayer on the taxpayer's personal property tax return, the taxpayer must instead file an amended personal property tax return under IC 6-1.1-3-7.5.

(h) A taxpayer that files a statement under IC 6-1.1-8-19 may not petition under this section for the correction of an error made by the taxpayer on the taxpayer's statement. If the taxpayer wishes to correct an error made by the taxpayer on the taxpayer's statement, the taxpayer must instead initiate an objection under IC 6-1.1-8-28 or an appeal

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under IC 6-1.1-8-30.

SECTION 32. IC 6-1.1-15-17 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 17. This section applies to any review or appeal of an assessment under this chapter if the assessment that is the subject of the review or appeal increased the assessed value of the assessed property by more than five percent (5%) over the assessed value determined by the county assessor or township assessor (if any) for the immediately preceding assessment date for the same property. The county assessor or township assessor making the assessment has the burden of proving that the assessment is correct in any review or appeal under this chapter and in any appeals taken to the Indiana board of tax review or to the Indiana tax court.**

SECTION 33. IC 6-1.1-17-16.2 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 16.2. The department of local government finance may not approve the budget of a taxing unit or a supplemental appropriation for a taxing unit until the taxing unit files an annual report under IC 5-11-1-4 or IC 5-11-13 for the preceding calendar year, unless the taxing unit did not exist as of March 1 of the calendar year preceding the ensuing calendar year by two (2) years. This section applies to a taxing unit that is the successor to another taxing unit or the result of a consolidation or merger of more than one (1) taxing unit, if an annual report under IC 5-11-1-4 or IC 5-11-13 has not been filed for each predecessor taxing unit.**

SECTION 34. IC 6-1.1-18-12, AS AMENDED BY P.L.146-2008, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 12. (a) For purposes of this section, "maximum rate" refers to the maximum:**

- (1) property tax rate or rates; or
- (2) special benefits tax rate or rates;

referred to in the statutes listed in subsection (d).

(b) The maximum rate for taxes first due and payable after 2003 is the maximum rate that would have been determined under subsection (e) for taxes first due and payable in 2003 if subsection (e) had applied for taxes first due and payable in 2003.

(c) The maximum rate must be adjusted each year to account for the change in assessed value of real property that results from:

- (1) an annual adjustment of the assessed value of real property under IC 6-1.1-4-4.5; or

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(2) a general reassessment of real property under IC 6-1.1-4-4.

(d) The statutes to which subsection (a) refers are:

- (1) IC 8-10-5-17;
- (2) IC 8-22-3-11;
- (3) IC 8-22-3-25;
- (4) IC 12-29-1-1;
- (5) IC 12-29-1-2;
- (6) IC 12-29-1-3;
- (7) IC 12-29-3-6;
- (8) IC 13-21-3-12;
- (9) IC 13-21-3-15;
- (10) IC 14-27-6-30;
- (11) IC 14-33-7-3;
- (12) IC 14-33-21-5;
- (13) IC 15-14-7-4;
- (14) IC 15-14-9-1;
- (15) IC 15-14-9-2;
- (16) IC 16-20-2-18;
- (17) IC 16-20-4-27;
- (18) IC 16-20-7-2;
- (19) IC 16-22-14;
- (20) IC 16-23-1-29;
- (21) IC 16-23-3-6;
- (22) IC 16-23-4-2;
- (23) IC 16-23-5-6;
- (24) IC 16-23-7-2;
- (25) IC 16-23-8-2;
- (26) IC 16-23-9-2;
- (27) IC 16-41-15-5;
- (28) IC 16-41-33-4;
- (29) IC 20-46-2-3 (before its repeal on January 1, 2009);
- (30) IC 20-46-6-5;
- (31) IC 20-49-2-10;
- (32) IC 36-1-19-1;
- (33) IC 23-14-66-2;
- (34) IC 23-14-67-3;
- (35) IC 36-7-13-4;
- (36) IC 36-7-14-28;
- (37) IC 36-7-15.1-16;
- (38) IC 36-8-19-8.5;
- (39) IC 36-9-6.1-2;
- (40) IC 36-9-17.5-4;

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- (41) IC 36-9-27-73;
- (42) IC 36-9-29-31;
- (43) IC 36-9-29.1-15;
- (44) IC 36-10-6-2;
- (45) IC 36-10-7-7;
- (46) IC 36-10-7-8;
- (47) IC 36-10-7.5-19;
- (48) IC 36-10-13-5;
- (49) IC 36-10-13-7;
- (50) IC 36-10-14-4;
- (51) IC 36-12-7-7;
- (52) IC 36-12-7-8;
- (53) IC 36-12-12-10; and
- (54) any statute enacted after December 31, 2003, that:

(A) establishes a maximum rate for any part of the:

- (i) property taxes; or
- (ii) special benefits taxes;

imposed by a political subdivision; and

(B) does not exempt the maximum rate from the adjustment under this section.

(e) The new maximum rate under a statute listed in subsection (d) is the tax rate determined under STEP SEVEN of the following STEPS:

STEP ONE: Determine the maximum rate for the political subdivision levying a property tax or special benefits tax under the statute for the year preceding the year in which the annual adjustment or general reassessment takes effect.

STEP TWO: **Except as provided in subsection (g)**, determine the actual percentage **increase change** (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property from the year preceding the year the annual adjustment or general reassessment takes effect to the year that the annual adjustment or general reassessment takes effect.

STEP THREE: Determine the three (3) calendar years that immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first take effect.

STEP FOUR: **Except as provided in subsection (g)**, compute separately, for each of the calendar years determined in STEP THREE, the actual percentage **increase change** (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable

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property from the preceding year.

STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Determine the greater of the following:

(A) Zero (0).

(B) The result of the STEP TWO percentage minus the STEP FIVE percentage.

STEP SEVEN: Determine the quotient of the STEP ONE tax rate divided by the sum of one (1) plus the STEP SIX percentage increase.

(f) The department of local government finance shall compute the maximum rate allowed under subsection (e) and provide the rate to each political subdivision with authority to levy a tax under a statute listed in subsection (d).

(g) This subsection applies to STEP TWO and STEP FOUR of subsection (e) for taxes first due and payable after 2011. If the assessed value change used in the STEPS was not an increase, the STEPS are applied using instead:

(1) the actual percentage decrease (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property; or

(2) zero (0) if the assessed value did not increase or decrease.

SECTION 35. IC 6-1.1-18.5-3, AS AMENDED BY SEA 295-2011, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 3. (a) A civil taxing unit ~~that is treated as not being located in an adopting county under section 4 of this chapter~~ may not impose an ad valorem property tax levy for an ensuing calendar year that exceeds the amount determined in the last STEP of the following STEPS:

STEP ONE: ~~Add~~ **Determine** the civil taxing unit's maximum permissible ad valorem property tax levy for the preceding calendar year. ~~to the part of the civil taxing unit's certified share, if any, that was used to reduce the civil taxing unit's ad valorem property tax levy under STEP EIGHT of subsection (b) for that preceding calendar year.~~

STEP TWO: Multiply the amount determined in STEP ONE by the amount determined in the last STEP of section 2(b) of this chapter.

STEP THREE: Determine the lesser of one and fifteen hundredths (1.15) or the quotient (rounded to the nearest ten-thousandth (0.0001)), of the assessed value of all taxable property subject to

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the civil taxing unit's ad valorem property tax levy for the ensuing calendar year, divided by the assessed value of all taxable property that is subject to the civil taxing unit's ad valorem property tax levy for the ensuing calendar year and that is contained within the geographic area that was subject to the civil taxing unit's ad valorem property tax levy in the preceding calendar year.

STEP FOUR: Determine the greater of the amount determined in STEP THREE or one (1).

STEP FIVE: Multiply the amount determined in STEP TWO by the amount determined in STEP FOUR.

STEP SIX: Add the amount determined under STEP TWO to the amount determined under subsection (c).

STEP SEVEN: Determine the greater of the amount determined under STEP FIVE or the amount determined under STEP SIX.

STEP SIX: Add the amount determined under STEP TWO to the amount of an excessive levy appeal granted under section 13 of this chapter for the ensuing calendar year.

STEP SEVEN: Determine the greater of STEP FIVE or STEP SIX.

(b) Except as otherwise provided in this chapter, a civil taxing unit that is treated as being located in an adopting county under section 4 of this chapter may not impose an ad valorem property tax levy for an ensuing calendar year that exceeds the amount determined in the last STEP of the following STEPS:

STEP ONE: Add the civil taxing unit's maximum permissible ad valorem property tax levy for the preceding calendar year to the part of the civil taxing unit's certified share, if any, used to reduce the civil taxing unit's ad valorem property tax levy under STEP EIGHT of this subsection for that preceding calendar year.

STEP TWO: Multiply the amount determined in STEP ONE by the amount determined in the last STEP of section 2(b) of this chapter.

STEP THREE: Determine the lesser of one and fifteen hundredths (1.15) or the quotient of the assessed value of all taxable property subject to the civil taxing unit's ad valorem property tax levy for the ensuing calendar year divided by the assessed value of all taxable property that is subject to the civil taxing unit's ad valorem property tax levy for the ensuing calendar year and that is contained within the geographic area that was subject to the civil taxing unit's ad valorem property tax levy in the preceding calendar year.

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STEP FOUR: Determine the greater of the amount determined in STEP THREE or one (1):

STEP FIVE: Multiply the amount determined in STEP TWO by the amount determined in STEP FOUR:

STEP SIX: Add the amount determined under STEP TWO to the amount determined under subsection (c):

STEP SEVEN: Determine the greater of the amount determined under STEP FIVE or the amount determined under STEP SIX:

STEP EIGHT: Subtract the amount determined under STEP FIVE of subsection (c) from the amount determined under STEP SEVEN of this subsection:

(c) The amount to be entered under STEP SIX of subsection (a) or STEP SIX of subsection (b), as applicable, equals the sum of the following:

(1) If a civil taxing unit in the immediately preceding calendar year provided an area outside its boundaries with services on a contractual basis and in the ensuing calendar year that area has been annexed by the civil taxing unit, the amount paid by the annexed area during the immediately preceding calendar year for services that the civil taxing unit must provide to that area during the ensuing calendar year as a result of the annexation:

(2) If the civil taxing unit has had an excessive levy appeal approved under section 13(1) of this chapter for the ensuing calendar year, an amount determined by the civil taxing unit for the ensuing calendar year that does not exceed the amount of that excessive levy:

In all other cases, the amount to be entered under STEP SIX of subsection (a) or STEP SIX of subsection (b), as the case may be, equals zero (0):

(d) This subsection applies only to civil taxing units located in a county having a county adjusted gross income tax rate for resident county taxpayers (as defined in IC 6-3.5-1.1-1) of one percent (1%) as of January 1 of the ensuing calendar year. For each civil taxing unit, the amount to be added to the amount determined in subsection (c), STEP FOUR, is determined using the following formula:

STEP ONE: Multiply the civil taxing unit's maximum permissible ad valorem property tax levy for the preceding calendar year by two percent (2%):

STEP TWO: For the determination year, the amount to be used as the STEP TWO amount is the amount determined in subsection (f) for the civil taxing unit. For each year following the determination year the STEP TWO amount is the lesser of:

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- (A) the amount determined in STEP ONE; or
- (B) the amount determined in subsection (f) for the civil taxing unit.

STEP THREE: Determine the greater of:

- (A) zero (0); or
- (B) the civil taxing unit's certified share for the ensuing calendar year minus the greater of:
 - (i) the civil taxing unit's certified share for the calendar year that immediately precedes the ensuing calendar year; or
 - (ii) the civil taxing unit's base year certified share.

STEP FOUR: Determine the greater of:

- (A) zero (0); or
- (B) the amount determined in STEP TWO minus the amount determined in STEP THREE.

Add the amount determined in STEP FOUR to the amount determined in subsection (e); STEP THREE, as provided in subsection (e); STEP FOUR:

(e) For each civil taxing unit, the amount to be subtracted under subsection (b); STEP EIGHT, is determined using the following formula:

STEP ONE: Determine the lesser of the civil taxing unit's base year certified share for the ensuing calendar year, as determined under section 5 of this chapter, or the civil taxing unit's certified share for the ensuing calendar year.

STEP TWO: Determine the greater of:

- (A) zero (0); or
- (B) the remainder of:
 - (i) the amount of federal revenue sharing money that was received by the civil taxing unit in 1985; minus
 - (ii) the amount of federal revenue sharing money that will be received by the civil taxing unit in the year preceding the ensuing calendar year.

STEP THREE: Determine the lesser of:

- (A) the amount determined in STEP TWO; or
- (B) the amount determined in subsection (f) for the civil taxing unit.

STEP FOUR: Add the amount determined in subsection (d); STEP FOUR, to the amount determined in STEP THREE.

STEP FIVE: Subtract the amount determined in STEP FOUR from the amount determined in STEP ONE.

(f) As used in this section, a taxing unit's "determination year" means the latest of:

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- (1) calendar year 1987, if the taxing unit is treated as being located in an adopting county for calendar year 1987 under section 4 of this chapter;
- (2) the taxing unit's base year, as defined in section 5 of this chapter, if the taxing unit is treated as not being located in an adopting county for calendar year 1987 under section 4 of this chapter; or
- (3) the ensuing calendar year following the first year that the taxing unit is located in a county that has a county adjusted gross income tax rate of more than one-half percent (0.5%) on July 1 of that year.

The amount to be used in subsections (d) and (e) for a taxing unit depends upon the taxing unit's certified share for the ensuing calendar year, the taxing unit's determination year, and the county adjusted gross income tax rate for resident county taxpayers (as defined in IC 6-3.5-1.1-1) that is in effect in the taxing unit's county on July 1 of the year preceding the ensuing calendar year. For the determination year and the ensuing calendar years following the taxing unit's determination year, the amount is the taxing unit's certified share for the ensuing calendar year multiplied by the appropriate factor prescribed in the following table:

COUNTIES WITH A TAX RATE OF 1/2%		
Year	Subsection (e) Factor	
For the determination year and each ensuing calendar year following the determination year	0	
COUNTIES WITH A TAX RATE OF 3/4%		
Year	Subsection (e) Factor	
For the determination year and each ensuing calendar year following the determination year	1/2	
COUNTIES WITH A TAX RATE OF 1.0%		
Year	Subsection (d) Factor	Subsection (e) Factor
For the determination year	1/6	1/3
For the ensuing calendar year following the determination year	1/4	1/3
For the ensuing calendar year following the determination year by two (2) years	1/3	1/3

(g) (b) This subsection applies only to property taxes first due and payable after December 31, 2007. This subsection applies only to a

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civil taxing unit that is located in a county for which a county adjusted gross income tax rate is first imposed or is increased in a particular year under IC 6-3.5-1.1-24 or a county option income tax rate is first imposed or is increased in a particular year under IC 6-3.5-6-30. Notwithstanding any provision in this section or any other section of this chapter and except as provided in subsection ~~(f)~~; **(c)**, the maximum permissible ad valorem property tax levy calculated under this section for the ensuing calendar year for a civil taxing unit subject to this section is equal to the civil taxing unit's maximum permissible ad valorem property tax levy for the current calendar year.

~~(f)~~ **(c)** This subsection applies only to property taxes first due and payable after December 31, 2007. In the case of a civil taxing unit that:

- (1) is partially located in a county for which a county adjusted gross income tax rate is first imposed or is increased in a particular year under IC 6-3.5-1.1-24 or a county option income tax rate is first imposed or is increased in a particular year under IC 6-3.5-6-30; and
- (2) is partially located in a county that is not described in subdivision (1);

the department of local government finance shall, notwithstanding subsection ~~(g)~~; **(b)**, adjust the portion of the civil taxing unit's maximum permissible ad valorem property tax levy that is attributable (as determined by the department of local government finance) to the county or counties described in subdivision (2). The department of local government finance shall adjust this portion of the civil taxing unit's maximum permissible ad valorem property tax levy so that, notwithstanding subsection ~~(g)~~; **(b)**, this portion is allowed to increase as otherwise provided in this section. If the department of local government finance increases the civil taxing unit's maximum permissible ad valorem property tax levy under this subsection, any additional property taxes imposed by the civil taxing unit under the adjustment shall be paid only by the taxpayers in the county or counties described in subdivision (2).

SECTION 36. IC 6-1.1-18.5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 4. For purposes of determining whether a civil taxing unit is subject to the levy limit imposed by section ~~3(a) or 3(b)~~ **3** of this chapter for an ensuing calendar year, the civil taxing unit shall be treated as being located in an adopting county if on September 1 of the preceding calendar year the county adjusted gross income tax was in effect in the county in which the civil taxing unit is located. In all other cases, civil taxing units shall be treated as not being located in an adopting county for an

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ensuing budget year.

SECTION 37. IC 6-1.1-18.5-6, AS AMENDED BY P.L.3-2008, SECTION 44, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 6. For purposes of STEP THREE of section 3(a) of this chapter and STEP THREE of section 3(b) of this chapter, 3 of this chapter, the assessed value of taxable property is the assessed value of that property as determined by the department of local government finance in fixing the civil taxing unit's budget, levy, and rate for the applicable calendar year, excluding deductions allowed under IC 6-1.1-12 or IC 6-1.1-12.1.

SECTION 38. IC 6-1.1-18.5-9.8, AS AMENDED BY P.L.219-2007, SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 9.8. (a) For purposes of determining the property tax levy limit imposed on a city, town, or county under section 3 of this chapter, the city, town, or county's ad valorem property tax levy for a particular calendar year does not include an amount equal to the lesser of:

- (1) the amount of ad valorem property taxes that would be first due and payable to the city, town, or county during the ensuing calendar year if the taxing unit imposed the maximum permissible property tax rate per one hundred dollars (\$100) of assessed valuation that the civil taxing unit may impose for the particular calendar year under the authority of IC 36-9-14.5 (in the case of a county) or IC 36-9-15.5 (in the case of a city or town); or
- (2) the excess, if any, of:

(A) the property taxes imposed by the city, town, or county under the authority of:

- IC 3-11-6-9;
- IC 8-16-3;
- IC 8-16-3.1;
- IC 8-22-3-25;
- IC 14-27-6-48;
- IC 14-33-9-3;
- IC 16-22-8-41;
- IC 16-22-5-2 through IC 16-22-5-15;
- IC 16-23-1-40;
- IC 36-8-14;
- IC 36-9-4-48;
- IC 36-9-14;
- IC 36-9-14.5;
- IC 36-9-15;
- IC 36-9-15.5;

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IC 36-9-16;
 IC 36-9-16.5;
 IC 36-9-17;
 IC 36-9-26;
 IC 36-9-27-100;
 IC 36-10-3-21; or
 IC 36-10-4-36;

that are first due and payable during the ensuing calendar year;
 over

(B) the property taxes imposed by the city, town, or county under the authority of the citations listed in clause (A) that were first due and payable during calendar year 1984.

(b) The maximum property tax rate levied under the statutes listed in subsection (a) must be adjusted each year to account for the change in assessed value of real property that results from:

- (1) an annual adjustment of the assessed value of real property under IC 6-1.1-4-4.5; or
- (2) a general reassessment of real property under IC 6-1.1-4-4.

(c) The new maximum rate under a statute listed in subsection (a) is the tax rate determined under STEP SEVEN of the following formula:

STEP ONE: Determine the maximum rate for the political subdivision levying a property tax under the statute for the year preceding the year in which the annual adjustment or general reassessment takes effect.

STEP TWO: **Subject to subsection (e)**, determine the actual percentage ~~increase~~ **change** (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property from the year preceding the year the annual adjustment or general reassessment takes effect to the year that the annual adjustment or general reassessment is effective.

STEP THREE: Determine the three (3) calendar years that immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first become effective.

STEP FOUR: **Subject to subsection (e)**, compute separately, for each of the calendar years determined in STEP THREE, the actual percentage ~~increase~~ **change** (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property from the preceding year.

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STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Determine the greater of the following:

(A) Zero (0).

(B) The result of the STEP TWO percentage minus the STEP FIVE percentage.

STEP SEVEN: Determine the quotient of the STEP ONE tax rate divided by the sum of one (1) plus the STEP SIX percentage increase.

(d) The department of local government finance shall compute the maximum rate allowed under subsection (c) and provide the rate to each political subdivision with authority to levy a tax under a statute listed in subsection (a).

(e) This subsection applies to STEP TWO and STEP FOUR of subsection (c) for taxes first due and payable after 2011. If the assessed value change used in the STEPS was not an increase, the STEPS are applied using instead:

(1) the actual percentage decrease (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property; or

(2) zero (0) if the assessed value did not increase or decrease.

SECTION 39. IC 6-1.1-18.5-13, AS AMENDED BY P.L.182-2009(ss), SECTION 131, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 13. (a) With respect to an appeal filed under section 12 of this chapter, the department may find that a civil taxing unit should receive any one (1) or more of the following types of relief:

(1) Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if in the judgment of the department the increase is reasonably necessary due to increased costs of the civil taxing unit resulting from annexation, consolidation, or other extensions of governmental services by the civil taxing unit to additional geographic areas or persons. With respect to annexation, consolidation, or other extensions of governmental services in a calendar year, if those increased costs are incurred by the civil taxing unit in that calendar year and more than one (1) immediately succeeding calendar year, the unit may appeal under section 12 of this chapter for permission to increase its levy under this subdivision based on those increased costs in any of the following:

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- (A) The first calendar year in which those costs are incurred.
- (B) One (1) or more of the immediately succeeding four (4) calendar years.

(2) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the civil taxing unit needs the increase to meet the civil taxing unit's share of the costs of operating a court established by statute enacted after December 31, 1973. Before recommending such an increase, the local government tax control board shall consider all other revenues available to the civil taxing unit that could be applied for that purpose. The maximum aggregate levy increases that the local government tax control board may recommend for a particular court equals the civil taxing unit's estimate of the unit's share of the costs of operating a court for the first full calendar year in which it is in existence. For purposes of this subdivision, costs of operating a court include:

- (A) the cost of personal services (including fringe benefits);
- (B) the cost of supplies; and
- (C) any other cost directly related to the operation of the court.

(3) Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the department finds that the quotient determined under STEP SIX of the following formula is equal to or greater than one and two-hundredths (1.02):

STEP ONE: Determine the three (3) calendar years that most immediately precede the ensuing calendar year and in which a statewide general reassessment of real property or the initial annual adjustment of the assessed value of real property under IC 6-1.1-4-4.5 does not first become effective.

STEP TWO: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the sum of the civil taxing unit's total assessed value of all taxable property and:

- (i) for a particular calendar year before 2007, the total assessed value of property tax deductions in the unit under IC 6-1.1-12-41 or IC 6-1.1-12-42 in the particular calendar year; or
- (ii) for a particular calendar year after 2006, the total assessed value of property tax deductions that applied in the

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unit under IC 6-1.1-12-42 in 2006 plus for a particular calendar year after 2009, the total assessed value of property tax deductions that applied in the unit under IC 6-1.1-12-37.5 in 2008;

divided by the sum determined under this STEP for the calendar year immediately preceding the particular calendar year.

STEP THREE: Divide the sum of the three (3) quotients computed in STEP TWO by three (3).

STEP FOUR: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the sum of the total assessed value of all taxable property in all counties and:

(i) for a particular calendar year before 2007, the total assessed value of property tax deductions in all counties under IC 6-1.1-12-41 or IC 6-1.1-12-42 in the particular calendar year; or

(ii) for a particular calendar year after 2006, the total assessed value of property tax deductions that applied in all counties under IC 6-1.1-12-42 in 2006 plus for a particular calendar year after 2009, the total assessed value of property tax deductions that applied in the unit under IC 6-1.1-12-37.5 in 2008;

divided by the sum determined under this STEP for the calendar year immediately preceding the particular calendar year.

STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Divide the STEP THREE amount by the STEP FIVE amount.

The civil taxing unit may increase its levy by a percentage not greater than the percentage by which the STEP THREE amount exceeds the percentage by which the civil taxing unit may increase its levy under section 3 of this chapter based on the assessed value growth quotient determined under section 2 of this chapter.

(4) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the civil taxing unit needs the increase to pay the costs of furnishing fire protection for

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the civil taxing unit through a volunteer fire department. For purposes of determining a township's need for an increased levy, the local government tax control board shall not consider the amount of money borrowed under IC 36-6-6-14 during the immediately preceding calendar year. However, any increase in the amount of the civil taxing unit's levy recommended by the local government tax control board under this subdivision for the ensuing calendar year may not exceed the lesser of:

(A) ten thousand dollars (\$10,000); or

(B) twenty percent (20%) of:

(i) the amount authorized for operating expenses of a volunteer fire department in the budget of the civil taxing unit for the immediately preceding calendar year; plus

(ii) the amount of any additional appropriations authorized during that calendar year for the civil taxing unit's use in paying operating expenses of a volunteer fire department under this chapter; minus

(iii) the amount of money borrowed under IC 36-6-6-14 during that calendar year for the civil taxing unit's use in paying operating expenses of a volunteer fire department.

(5) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter in order to raise revenues for pension payments and contributions the civil taxing unit is required to make under IC 36-8. The maximum increase in a civil taxing unit's levy that may be recommended under this subdivision for an ensuing calendar year equals the amount, if any, by which the pension payments and contributions the civil taxing unit is required to make under IC 36-8 during the ensuing calendar year exceeds the product of one and one-tenth (1.1) multiplied by the pension payments and contributions made by the civil taxing unit under IC 36-8 during the calendar year that immediately precedes the ensuing calendar year. For purposes of this subdivision, "pension payments and contributions made by a civil taxing unit" does not include that part of the payments or contributions that are funded by distributions made to a civil taxing unit by the state.

(6) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to increase its levy in excess of the limitations established under section 3 of this chapter if the local government

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tax control board finds that:

(A) the township's township assistance ad valorem property tax rate is less than one and sixty-seven hundredths cents (\$0.0167) per one hundred dollars (\$100) of assessed valuation; and

(B) the township needs the increase to meet the costs of providing township assistance under IC 12-20 and IC 12-30-4. The maximum increase that the board may recommend for a township is the levy that would result from an increase in the township's township assistance ad valorem property tax rate of one and sixty-seven hundredths cents (\$0.0167) per one hundred dollars (\$100) of assessed valuation minus the township's ad valorem property tax rate per one hundred dollars (\$100) of assessed valuation before the increase.

(7) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter if:

(A) the increase has been approved by the legislative body of the municipality with the largest population where the civil taxing unit provides public transportation services; and

(B) the local government tax control board finds that the civil taxing unit needs the increase to provide adequate public transportation services.

The local government tax control board shall consider tax rates and levies in civil taxing units of comparable population, and the effect (if any) of a loss of federal or other funds to the civil taxing unit that might have been used for public transportation purposes. However, the increase that the board may recommend under this subdivision for a civil taxing unit may not exceed the revenue that would be raised by the civil taxing unit based on a property tax rate of one cent (\$0.01) per one hundred dollars (\$100) of assessed valuation.

(8) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to a civil taxing unit to increase the unit's levy in excess of the limitations established under section 3 of this chapter if the local government tax control board finds that:

(A) the civil taxing unit is:

(i) a county having a population of more than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000);

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- (ii) a city having a population of more than fifty-five thousand (55,000) but less than fifty-nine thousand (59,000);
- (iii) a city having a population of more than twenty-eight thousand seven hundred (28,700) but less than twenty-nine thousand (29,000);
- (iv) a city having a population of more than fifteen thousand four hundred (15,400) but less than sixteen thousand six hundred (16,600); or
- (v) a city having a population of more than seven thousand (7,000) but less than seven thousand three hundred (7,300); and

(B) the increase is necessary to provide funding to undertake removal (as defined in IC 13-11-2-187) and remedial action (as defined in IC 13-11-2-185) relating to hazardous substances (as defined in IC 13-11-2-98) in solid waste disposal facilities or industrial sites in the civil taxing unit that have become a menace to the public health and welfare.

The maximum increase that the local government tax control board may recommend for such a civil taxing unit is the levy that would result from a property tax rate of six and sixty-seven hundredths cents (\$0.0667) for each one hundred dollars (\$100) of assessed valuation. For purposes of computing the ad valorem property tax levy limit imposed on a civil taxing unit under section 3 of this chapter, the civil taxing unit's ad valorem property tax levy for a particular year does not include that part of the levy imposed under this subdivision. In addition, a property tax increase permitted under this subdivision may be imposed for only two (2) calendar years.

(9) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission for a county:

- (A) having a population of more than eighty thousand (80,000) but less than ninety thousand (90,000) to increase the county's levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the county needs the increase to meet the county's share of the costs of operating a jail or juvenile detention center, including expansion of the facility, if the jail or juvenile detention center is opened after December 31, 1991;
- (B) that operates a county jail or juvenile detention center that is subject to an order that:
 - (i) was issued by a federal district court; and

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- (ii) has not been terminated;
- (C) that operates a county jail that fails to meet:
 - (i) American Correctional Association Jail Construction Standards; and
 - (ii) Indiana jail operation standards adopted by the department of correction; or
- (D) that operates a juvenile detention center that fails to meet standards equivalent to the standards described in clause (C) for the operation of juvenile detention centers.

Before recommending an increase, the local government tax control board shall consider all other revenues available to the county that could be applied for that purpose. An appeal for operating funds for a jail or a juvenile detention center shall be considered individually, if a jail and juvenile detention center are both opened in one (1) county. The maximum aggregate levy increases that the local government tax control board may recommend for a county equals the county's share of the costs of operating the jail or a juvenile detention center for the first full calendar year in which the jail or juvenile detention center is in operation.

(10) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission for a township to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the township needs the increase so that the property tax rate to pay the costs of furnishing fire protection for a township, or a portion of a township, enables the township to pay a fair and reasonable amount under a contract with the municipality that is furnishing the fire protection. However, for the first time an appeal is granted the resulting rate increase may not exceed fifty percent (50%) of the difference between the rate imposed for fire protection within the municipality that is providing the fire protection to the township and the township's rate. A township is required to appeal a second time for an increase under this subdivision if the township wants to further increase its rate. However, a township's rate may be increased to equal but may not exceed the rate that is used by the municipality. More than one (1) township served by the same municipality may use this appeal.

(11) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission for a township to increase its levy in excess of the

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limitations established under section 3 of this chapter, if the local government tax control board finds that the township has been required, for the three (3) consecutive years preceding the year for which the appeal under this subdivision is to become effective, to borrow funds under IC 36-6-6-14 to furnish fire protection for the township or a part of the township. However, the maximum increase in a township's levy that may be allowed under this subdivision is the least of the amounts borrowed under IC 36-6-6-14 during the preceding three (3) calendar years. A township may elect to phase in an approved increase in its levy under this subdivision over a period not to exceed three (3) years. A particular township may appeal to increase its levy under this section not more frequently than every fourth calendar year.

(12) Permission to a city having a population of more than twenty-nine thousand (29,000) but less than thirty-one thousand (31,000) to increase its levy in excess of the limitations established under section 3 of this chapter if:

(A) an appeal was granted to the city under this section to reallocate property tax replacement credits under IC 6-3.5-1.1 in 1998, 1999, and 2000; and

(B) the increase has been approved by the legislative body of the city, and the legislative body of the city has by resolution determined that the increase is necessary to pay normal operating expenses.

The maximum amount of the increase is equal to the amount of property tax replacement credits under IC 6-3.5-1.1 that the city petitioned under this section to have reallocated in 2001 for a purpose other than property tax relief.

(13) A levy increase may be granted under this subdivision only for property taxes first due and payable after December 31, 2008. Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter if the civil taxing unit cannot carry out its governmental functions for an ensuing calendar year under the levy limitations imposed by section 3 of this chapter due to a natural disaster, an accident, or another unanticipated emergency.

(14) Permission to Jefferson County to increase its levy in excess of the limitations established under section 3 of this chapter if the department finds that the county experienced a property tax revenue shortfall that resulted from an erroneous estimate of the effect of the supplemental deduction under IC 6-1.1-12-37.5 on the county's assessed valuation. An

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appeal for a levy increase under this subdivision may not be denied because of the amount of cash balances in county funds. The maximum increase in the county's levy that may be approved under this subdivision is three hundred thousand dollars (\$300,000).

(b) The department of local government finance shall increase the maximum permissible ad valorem property tax levy under section 3 of this chapter for the city of Goshen for 2012 and thereafter by an amount equal to the greater of zero (0) or the result of:

(1) the city's total pension costs in 2009 for the 1925 police pension fund (IC 36-8-6) and the 1937 firefighters' pension fund (IC 36-8-7); minus

(2) the sum of:

(A) the total amount of state funds received in 2009 by the city and used to pay benefits to members of the 1925 police pension fund (IC 36-8-6) or the 1937 firefighters' pension fund (IC 36-8-7); plus

(B) any previous permanent increases to the city's levy that were authorized to account for the transfer to the state of the responsibility to pay benefits to members of the 1925 police pension fund (IC 36-8-6) and the 1937 firefighters' pension fund (IC 36-8-7).

SECTION 40. IC 6-1.1-18.5-13.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13.7. (a) Notwithstanding any other provision of this chapter, Fairfield Township in Tippecanoe County may request that the department of local government finance make an adjustment to the township's maximum permissible property tax levy. The request by the township under this SECTION must be filed before September 1, 2011.

(b) The amount of the requested adjustment may not exceed one hundred thirty thousand dollars (\$130,000) for each year.

(c) If the township makes a request for an adjustment in an amount not exceeding the limit prescribed by subsection (b), the department of local government finance shall make the adjustment each year (beginning with property taxes first due and payable in 2012) to the township's maximum permissible ad valorem property tax levy for the number of years requested by the township (but not to exceed a total of four (4) years).

(d) This section expires July 1, 2016.

SECTION 41. IC 6-1.1-20.6-9.5, AS ADDED BY P.L.162-2006,

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SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9.5. (a) This section applies only to credits under this chapter against property taxes first due and payable after December 31, 2006.

(b) The application of the credit under this chapter results in a reduction of the property tax collections of each political subdivision in which the credit is applied. **Except as provided in IC 20-46-1**, a political subdivision may not increase its property tax levy to make up for that reduction.

(c) The county auditor shall in each calendar year notify each political subdivision in which the credit under this chapter is applied of the reduction of property tax collections referred to in subsection (b) for the political subdivision for that year.

(d) A political subdivision may not borrow money to compensate the political subdivision or any other political subdivision for the reduction of property tax collections referred to in subsection (b).

SECTION 42. IC 6-1.1-20.6-9.8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 9.8. (a) This section applies to property taxes first due and payable after December 31, 2009.**

(b) As used in this section:

(1) "exempt taxes" refers to property taxes that are exempted from the application of a credit granted under section 7 or 7.5 of this chapter by section 7(b), 7(c), 7.5(b), or 7.5(c) of this chapter or another law; and

(2) "nonexempt taxes" refers to property taxes that are not exempt taxes.

(c) The total amount collected from exempt taxes shall be allocated to the fund for which the exempt taxes were imposed as if no credit were granted under section 7 or 7.5 of this chapter. The total amount of the loss in revenue resulting from the granting of credits under section 7 or 7.5 of this chapter must reduce only the amount of nonexempt property taxes distributed to a fund in proportion to the nonexempt rate tax imposed for that fund relative to the total of all nonexempt tax rates imposed by the taxing unit.

SECTION 43. IC 6-1.1-20.6-10, AS ADDED BY P.L.146-2008, SECTION 226, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: Sec. 10. (a) As used in this section, "debt service obligations of a political subdivision" refers to:

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- (1) the principal and interest payable during a calendar year on bonds; and
- (2) lease rental payments payable during a calendar year on leases;

of a political subdivision payable from ad valorem property taxes.

(b) Political subdivisions are required by law to fully fund the payment of their debt obligations in an amount sufficient to pay any debt service or lease rentals on outstanding obligations, regardless of any reduction in property tax collections due to the application of tax credits granted under this chapter. ~~Any reduction in collections must be applied to the other funds of the political subdivision after debt service or lease rentals have been fully funded. If the amount deposited in a fund from which debt service obligations of the political subdivision are paid is reduced as a result of the application of a credit granted under this chapter below the amount needed to meet the debt service obligations of a political subdivision as the obligations come due, the political subdivision may transfer funds from one (1) or more of the other funds of the political subdivision.~~

(c) Upon the failure of a political subdivision to pay any of the political subdivision's debt service obligations during a calendar year when due, the treasurer of state, upon being notified of the failure by a claimant, shall pay the unpaid debt service obligations that are due from money in the possession of the state that would otherwise be available for distribution to the political subdivision under any other law, deducting the payment from the amount distributed. A deduction under this subsection must be made:

- (1) first from distributions of county adjusted gross income tax distributions under IC 6-3.5-1.1, county option income tax distributions under IC 6-3.5-6, or county economic development income tax distributions under IC 6-3.5-7 that would otherwise be distributed to the county under the schedule in IC 6-3.5-1.1-10, IC 6-3.5-1.1-21.1, IC 6-3.5-6-16, IC 6-3.5-6-17.3, IC 6-3.5-7-17, and IC 6-3.5-7-17.3; and
- (2) second from any other undistributed funds of the political subdivision in the possession of the state.

(d) This section shall be interpreted liberally so that the state shall to the extent legally valid ensure that the debt service obligations of each political subdivision are paid when due. However, this section does not create a debt of the state.

SECTION 44. IC 6-1.1-22.5-8, AS AMENDED BY P.L.89-2010, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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UPON PASSAGE]: Sec. 8. (a) Subject to subsection (c), a provisional statement must:

(1) be on a form prescribed by the department of local government finance;

(2) except as provided in emergency rules adopted under section 20 of this chapter and subsection (b):

(A) for property taxes first due and payable after 2010 and billed using a provisional statement under section 6 of this chapter, indicate:

(i) that the first installment of the taxpayer's tax liability is an amount equal to fifty percent (50%) of the tax liability that was payable in the same year as the assessment date for the property for which the provisional statement is issued, subject to any adjustments to the tax liability authorized by the department of local government finance under subsection (e) and approved by the county treasurer; and

(ii) that the second installment is either the amount specified in a reconciling statement or, if a reconciling statement is not sent until after the second installment is due, an amount equal to fifty percent (50%) of the tax liability that was payable in the same year as the assessment date for the property for which the provisional statement is issued, subject to any adjustments to the tax liability authorized by the department of local government finance under subsection (e) and approved by the county treasurer; and

(B) for property taxes billed using a provisional statement under section 6.5 of this chapter, except as provided in subsection (d), indicate tax liability in an amount determined by the department of local government finance based on:

(i) subject to subsection (c), for the cross-county entity, the property tax rate of the cross-county entity for taxes first due and payable in the immediately preceding calendar year; and

(ii) for all other taxing units that make up the taxing district or taxing districts that comprise the cross-county area, the property tax rates of the taxing units for taxes first due and payable in the current calendar year;

(3) indicate:

(A) that the tax liability under the provisional statement is determined as described in subdivision (2); and

(B) that property taxes billed on the provisional statement:

(i) are due and payable in the same manner as property taxes billed on a tax statement under IC 6-1.1-22-8.1; and

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(ii) will be credited against a reconciling statement;
 (4) for property taxes billed using a provisional statement under section 6 of this chapter, include a statement in the following or a substantially similar form, as determined by the department of local government finance:

"Under Indiana law, _____ County (insert county) has sent provisional statements. The statement is due to be paid in installments on _____ (insert date) and _____ (insert date). The first installment is equal to fifty percent (50%) of your tax liability for taxes payable in _____ (insert year), subject to adjustment to the tax liability authorized by the department of local government finance and approved by the county treasurer. The second installment is either the amount specified in a reconciling statement that will be sent to you, or (if a reconciling statement is not sent until after the second installment is due) an amount equal to fifty percent (50%) of your tax liability for taxes payable in _____ (insert year), subject to adjustment to the tax liability authorized by the department of local government finance and approved by the county treasurer. After the abstract of property is complete, you will receive a reconciling statement in the amount of your actual tax liability for taxes payable in _____ (insert year) minus the amount you pay under this provisional statement.";

(5) for property taxes billed using a provisional statement under section 6.5 of this chapter, include a statement in the following or a substantially similar form, as determined by the department of local government finance:

"Under Indiana law, _____ County (insert county) has elected to send provisional statements for the territory of _____ (insert cross-county entity) located in _____ County (insert county) because the property tax rate for _____ (insert cross-county entity) was not available in time to prepare final tax statements. The statement is due to be paid in installments on _____ (insert date) and _____ (insert date). The statement is based on the property tax rate of _____ (insert cross-county entity) for taxes first due and payable in _____ (insert immediately preceding calendar year). After the property tax rate of _____ (insert cross-county entity) is determined, you will receive a reconciling statement in the amount of your actual tax liability for taxes payable in _____ (insert year) minus the amount you pay under this provisional statement.";

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(6) ~~in the case of a reconciling statement only~~, indicate **any adjustment to tax liability under subdivision (2) authorized by the department of local government finance under subsection (e) and approved by the county treasurer** for:

- (A) delinquent:
 - (i) taxes; and
 - (ii) special assessments;
- (B) penalties; and
- (C) interest;

~~is allowed to appear on the tax statement under IC 6-1.1-22-8.1 for the first installment of property taxes in the year in which the provisional tax statement is issued;~~

(7) in the case of a reconciling statement only, include:

- (A) a checklist that shows:
 - (i) homestead credits under IC 6-1.1-20.4, IC 6-3.5-6-13, or another law and all property tax deductions; and
 - (ii) whether each homestead credit and property tax deduction ~~was~~ **were** applied in the current provisional statement;
- (B) an explanation of the procedure and deadline that a taxpayer must follow and the forms that must be used if a credit or deduction has been granted for the property and the taxpayer is no longer eligible for the credit or deduction; and
- (C) an explanation of the tax consequences and applicable penalties if a taxpayer unlawfully claims a standard deduction under IC 6-1.1-12-37 on:
 - (i) more than one (1) parcel of property; or
 - (ii) property that is not the taxpayer's principal place of residence or is otherwise not eligible for a standard deduction; and

(8) include any other information the county treasurer requires.

(b) ~~This subsection applies to property taxes first due and payable for assessment dates after January 15, 2009.~~ The county may apply a standard deduction, supplemental standard deduction, or homestead credit calculated by the county's property system on a provisional bill for a qualified property. If a provisional bill has been used for property tax billings for two (2) consecutive years and a property qualifies for a standard deduction, supplemental standard deduction, or homestead credit for the second year a provisional bill is used, the county shall apply the standard deduction, supplemental standard deduction, or homestead credit calculated by the county's property system on the provisional bill.

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(c) For purposes of this section, property taxes that are:

- (1) first due and payable in the current calendar year on a provisional statement under section 6 or 6.5 of this chapter; and
- (2) based on property taxes first due and payable in the immediately preceding calendar year or on a percentage of those property taxes;

are determined after excluding from the property taxes first due and payable in the immediately preceding calendar year property taxes imposed by one (1) or more taxing units in which the tangible property is located that are attributable to a levy that no longer applies for property taxes first due and payable in the current calendar year.

(d) If there was no property tax rate of the cross-county entity for taxes first due and payable in the immediately preceding calendar year for use under subsection (a)(2)(B), the department of local government finance shall provide an estimated tax rate calculated to approximate the actual tax rate that will apply when the tax rate is finally determined.

(e) The department of local government finance shall:

- (1) authorize the types of adjustments to tax liability that a county treasurer may approve under subsection (a)(2)(A) including:
 - (A) adjustments for any new construction on the property or any damage to the property; ~~and~~
 - (B) any necessary adjustments for credits, deductions, or local option income taxes;
 - (C) adjustments to include current year special assessments or exclude special assessments payable in the year of the assessment date but not payable in the current year;**
 - (D) adjustments to include delinquent:**
 - (i) taxes; and**
 - (ii) special assessments;**
 - (E) adjustments to include penalties that are due and owing; and**
 - (F) adjustments to include interest that is due and owing;**
- and
- (2) notify county treasurers in writing of the types of adjustments authorized under subdivision (1).

SECTION 45. IC 6-1.1-22.5-9, AS AMENDED BY P.L.89-2010, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) Except as provided in **subsection (e) and** section 12(b) of this chapter, ~~property taxes tax liability~~ billed on a provisional statement ~~are is~~ due in two (2) equal installments on May

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10 and November 10 of the year following the assessment date covered by the provisional statement.

(b) The county treasurer may mail or transmit the provisional statement one (1) time each year at least fifteen (15) days before the date on which the first installment is due under subsection (a) in the manner provided in IC 6-1.1-22-8.1, regardless of whether the notice required under section 6(b) of this chapter has been published.

(c) This subsection applies to a provisional statement issued under section 6 of this chapter. Except when the second installment of a provisional statement is replaced by a final reconciling statement providing for taxes to be due on November 10, the amount of tax **liability** due for each installment of a provisional statement issued for a year after 2010 is fifty percent (50%) of the tax that was due for the immediately preceding year under IC 6-1.1-22 subject to any adjustments to the tax liability as prescribed by the department of local government finance. If no bill was issued in the prior year, the provisional bill shall be based on the amount that would have been due if a provisional tax statement had been issued for the immediately preceding year. The department of local government finance may prescribe standards to implement this subsection, including a method of calculating the taxes due when an abstract or other information is not complete.

(d) This subsection applies only if a provisional statement for payment of property taxes, ~~and~~ special assessments, **and any adjustment included in the provisional statement under section 8(e) of this chapter** by electronic mail is transmitted to a person under IC 6-1.1-22-8.1(h). If a response to the transmission of electronic mail to a person indicates that the electronic mail was not received, the county treasurer shall mail to the person a hard copy of the provisional statement in the manner required by this chapter for persons who do not opt to receive statements by electronic mail. The due date for the property taxes, ~~and~~ special assessments, **and any adjustment included in the provisional statement under section 8(e) of this chapter** under a provisional statement mailed to a person under this subsection is the due date indicated in the statement transmitted to the person by electronic mail.

(e) **This subsection applies only to property taxes first due and payable in 2011. If a county is more than two (2) years behind in issuing property tax bills, the county treasurer of the county may petition the department in writing to extend the deadline for making the first installment payment on a provisional statement issued under this chapter. Upon receiving a petition under this**

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subsection, the department may extend the payment deadline to a date that is not later than July 1, 2011.

SECTION 46. IC 6-1.1-22.5-12, AS AMENDED BY P.L.182-2009(ss), SECTION 163, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) Except as provided by subsection (c), each reconciling statement must be on a form prescribed by the department of local government finance and must indicate:

- (1) the actual property tax liability under this article for the calendar year for which the reconciling statement is issued;
- (2) the total amount paid under the provisional statement for the property for which the reconciling statement is issued;
- (3) if the amount under subdivision (1) exceeds the amount under subdivision (2), that the excess is payable by the taxpayer:
 - (A) as a final reconciliation of the tax liability; and
 - (B) not later than:
 - (i) thirty (30) days after the date of the reconciling statement;
 - (ii) if the county treasurer requests in writing that the commissioner designate a later date, the date designated by the commissioner; or
 - (iii) the date specified in an ordinance adopted under section 18.5 of this chapter; and
- (4) if the amount under subdivision (2) exceeds the amount under subdivision (1), that the taxpayer may claim a refund of the excess under IC 6-1.1-26.

(b) If, upon receipt of the abstract required by IC 6-1.1-22-5 or upon determination of the tax rate of the cross-county entity referred to in section 6.5 of this chapter, the county treasurer determines that it is possible to complete the:

- (1) preparation; and
- (2) mailing or transmittal;

of the reconciling statement at least thirty (30) days before the due date of the second installment specified in the provisional statement, the county treasurer may request in writing that the department of local government finance permit the county treasurer to issue a reconciling statement that adjusts the amount of the second installment that was specified in the provisional statement. If the department approves the county treasurer's request, the county treasurer shall prepare and mail or transmit the reconciling statement at least thirty (30) days before the due date of the second installment specified in the provisional statement.

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(c) A reconciling statement prepared under subsection (b) must indicate:

- (1) the actual property tax liability under this article for the calendar year for the property for which the reconciling statement is issued;
- (2) the total amount of the first installment paid under the provisional statement for the property for which the reconciling statement is issued;
- (3) if the amount under subdivision (1) exceeds the amount under subdivision (2), the adjusted amount of the second installment that is payable by the taxpayer:
 - (A) as a final reconciliation of the tax liability; and
 - (B) not later than:
 - (i) November 10; or
 - (ii) if the county treasurer requests in writing that the commissioner designate a later date, the date designated by the commissioner; and
- (4) if the amount under subdivision (2) exceeds the amount under subdivision (1), that the taxpayer may claim a refund of the excess under IC 6-1.1-26.

(d) At the election of a county auditor, a checklist required by IC 6-1.1-22-8.1(b)(8) and a notice required by IC 6-1.1-22-8.1(b)(9) may be sent to a taxpayer with a reconciling statement under this section. This subsection expires January 1, 2013.

(e) In a county in which an authorizing ordinance is adopted under IC 6-1.1-22-8.1(h), a person may direct the county treasurer to transmit a reconciling statement by electronic mail under IC 6-1.1-22-8.1(h).

(f) A reconciling statement may include any adjustment authorized by the department of local government finance under section 8(e) of this chapter and approved by the county treasurer.

SECTION 47. IC 6-1.1-35-9, AS AMENDED BY P.L.182-2009(ss), SECTION 172, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) All information that is related to earnings, income, profits, losses, or expenditures and that is:

- (1) given by a person to:
 - (A) an assessing official;
 - (B) an employee of an assessing official; or
 - (C) an officer or employee of an entity that contracts with a board of county commissioners or a county assessor under IC 6-1.1-36-12; or
- (2) acquired by:
 - (A) an assessing official;

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- (B) an employee of an assessing official; or
- (C) an officer or employee of an entity that contracts with a board of county commissioners or a county assessor under IC 6-1.1-36-12;

in the performance of the person's duties;

is confidential. The assessed valuation of tangible property is a matter of public record and is thus not confidential. Confidential information may be disclosed only in a manner that is authorized under subsection (b), (c), or (d), or (g).

(b) Confidential information may be disclosed to:

(1) an official or employee of:

- (A) this state or another state;
- (B) the United States; or
- (C) an agency or subdivision of this state, another state, or the United States;

if the information is required in the performance of the official duties of the official or employee;

- (2) an officer or employee of an entity that contracts with a board of county commissioners or a county assessor under IC 6-1.1-36-12 if the information is required in the performance of the official duties of the officer or employee; or
- (3) a state educational institution in order to develop data required under IC 6-1.1-4-42.

(c) The following state agencies, or their authorized representatives, shall have access to the confidential farm property records and schedules that are on file in the office of a county assessor:

- (1) The Indiana state board of animal health, in order to perform its duties concerning the discovery and eradication of farm animal diseases.
- (2) The department of agricultural statistics of Purdue University, in order to perform its duties concerning the compilation and dissemination of agricultural statistics.
- (3) Any other state agency that needs the information in order to perform its duties.

(d) Confidential information may be disclosed during the course of a judicial proceeding in which the regularity of an assessment is questioned.

(e) Confidential information that is disclosed to a person under subsection (b) or (c) retains its confidential status. Thus, that person may disclose the information only in a manner that is authorized under subsection (b), (c), or (d).

(f) Notwithstanding any other provision of law:

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- (1) a person who:
 - (A) is an officer or employee of an entity that contracts with a board of county commissioners or a county assessor under IC 6-1.1-36-12; and
 - (B) obtains confidential information under this section; may not disclose that confidential information to any other person; and
- (2) a person referred to in subdivision (1) must return all confidential information to the taxpayer not later than fourteen (14) days after the earlier of:
 - (A) the completion of the examination of the taxpayer's personal property return under IC 6-1.1-36-12; or
 - (B) the termination of the contract.

(g) Confidential information concerning an oil or gas interest, as described in IC 6-1.1-4-12.4, may be disclosed by an assessing official if the interest has been listed on the delinquent property tax list pursuant to IC 6-1.1-24-1 and is not otherwise removed from the property tax sale under IC 6-1.1-24. A person who establishes that the person may bid on an oil or gas interest in the context of a property tax sale may request from an assessing official all information necessary to properly identify and determine the value of the gas or oil interest that is the subject of the property tax sale. The information that may be disclosed includes the following:

- (1) Lease information.**
- (2) The type of property interest being sold.**
- (3) The applicable percentage interest and the allocation of the applicable percentage interest among the owners of the oil or gas interest (including the names and addresses of all owners).**

The official shall make information covered by this subsection available for inspection and copying in accordance with IC 5-14-3. Confidential information that is disclosed to a person under this subsection loses its confidential status. A person that is denied the right to inspect or copy information covered by this subsection may file a formal complaint with the public access counselor under the procedure prescribed by IC 5-14-5. However, a person is not required to file a complaint under IC 5-14-5 before filing an action under IC 5-14-3.

SECTION 48. IC 6-1.1-36-7, AS AMENDED BY P.L.146-2008, SECTION 288, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) The department of local government finance may cancel any property taxes assessed against

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real property owned by a county, a township, a city, or a town, or a body corporate and politic established under IC 8-10-5-2(a) if a petition requesting that the department cancel the taxes is submitted by the auditor, assessor, and treasurer of the county in which the real property is located.

(b) The department of local government finance may cancel any property taxes assessed against real property owned by this state if a petition requesting that the department cancel the taxes is submitted by:

- (1) the governor; or
- (2) the chief administrative officer of the state agency which supervises the real property.

However, if the petition is submitted by the chief administrative officer of a state agency, the governor must approve the petition.

(c) The department of local government finance may compromise the amount of property taxes, together with any interest or penalties on those taxes, assessed against the fixed or distributable property owned by a bankrupt railroad, which is under the jurisdiction of:

- (1) a federal court under 11 U.S.C. 1163;
- (2) Chapter X of the Acts of Congress Relating to Bankruptcy (11 U.S.C. 701-799); or
- (3) a comparable bankruptcy law.

(d) After making a compromise under subsection (c) and after receiving payment of the compromised amount, the department of local government finance shall distribute to each county treasurer an amount equal to the product of:

- (1) the compromised amount; multiplied by
- (2) a fraction, the numerator of which is the total of the particular county's property tax levies against the railroad for the compromised years, and the denominator of which is the total of all property tax levies against the railroad for the compromised years.

(e) After making the distribution under subsection (d), the department of local government finance shall direct the auditors of each county to remove from the tax rolls the amount of all property taxes assessed against the bankrupt railroad for the compromised years.

(f) The county auditor of each county receiving money under subsection (d) shall allocate that money among the county's taxing districts. The auditor shall allocate to each taxing district an amount equal to the product of:

- (1) the amount of money received by the county under subsection (d); multiplied by
- (2) a fraction, the numerator of which is the total of the taxing

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district's property tax levies against the railroad for the compromised years, and the denominator of which is the total of all property tax levies against the railroad in that county for the compromised years.

(g) The money allocated to each taxing district shall be apportioned and distributed among the taxing units of that taxing district in the same manner and at the same time that property taxes are apportioned and distributed.

(h) The department of local government finance may, with the approval of the attorney general, compromise the amount of property taxes, together with any interest or penalties on those taxes, assessed against property owned by a person that has a case pending under state or federal bankruptcy law. Property taxes that are compromised under this section shall be distributed and allocated at the same time and in the same manner as regularly collected property taxes. The department of local government finance may compromise property taxes under this subsection only if:

- (1) a petition is filed with the department of local government finance that requests the compromise and is signed and approved by the assessor, auditor, and treasurer of each county and the assessor of each township (if any) that is entitled to receive any part of the compromised taxes;
- (2) the compromise significantly advances the time of payment of the taxes; and
- (3) the compromise is in the best interest of the state and the taxing units that are entitled to receive any part of the compromised taxes.

(i) A taxing unit that receives funds under this section is not required to include the funds in its budget estimate for any budget year which begins after the budget year in which it receives the funds.

(j) A county treasurer, with the consent of the county auditor and the county assessor, may compromise the amount of property taxes, interest, or penalties owed in a county by an entity that has a case pending under Title 11 of the United States Code (Bankruptcy Code) by accepting a single payment that must be at least seventy-five percent (75%) of the total amount owed in the county.

SECTION 49. IC 6-1.5-4-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) The Indiana board shall conduct an impartial review of all appeals concerning:

- (1) the assessed valuation of tangible property;
- (2) property tax deductions; **or**
- (3) property tax exemptions; **or**

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(4) property tax credits;

that are made from a determination by an assessing official or a county property tax assessment board of appeals to the Indiana board under any law.

(b) Appeals described in this section shall be conducted under IC 6-1.1-15.

SECTION 50. IC 6-2.5-5-5.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 5.1. (a) As used in this section, "tangible personal property" includes electrical energy, natural or artificial gas, water, steam, and steam heat.

(b) Transactions involving tangible personal property are exempt from the state gross retail tax if the person acquiring the property acquires it for direct consumption as a material to be consumed in the direct production of other tangible personal property in the person's business of manufacturing, processing, refining, repairing, mining, agriculture, horticulture, floriculture, or arboriculture. This exemption includes transactions involving acquisitions of tangible personal property used in commercial printing.

(c) A refund claim based on the exemption provided by this section for electrical energy, natural or artificial gas, water, steam, and steam heat may not cover transactions that occur more than eighteen (18) months before the date of the refund claim.

SECTION 51. IC 6-2.5-8-1, AS AMENDED BY P.L.146-2008, SECTION 316, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 1. (a) A retail merchant may not make a retail transaction in Indiana, unless the retail merchant has applied for a registered retail merchant's certificate.

(b) A retail merchant may obtain a registered retail merchant's certificate by filing an application with the department and paying a registration fee of twenty-five dollars (\$25) for each place of business listed on the application. The retail merchant shall also provide such security for payment of the tax as the department may require under IC 6-2.5-6-12.

(c) The retail merchant shall list on the application the location (including the township) of each place of business where the retail merchant makes retail transactions. However, if the retail merchant does not have a fixed place of business, the retail merchant shall list the retail merchant's residence as the retail merchant's place of business. In addition, a public utility may list only its principal Indiana office as its place of business for sales of public utility commodities or service, but the utility must also list on the application the places of business where it makes retail transactions other than sales of public utility

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commodities or service.

(d) Upon receiving a proper application, the correct fee, and the security for payment, if required, the department shall issue to the retail merchant a separate registered retail merchant's certificate for each place of business listed on the application. Each certificate shall bear a serial number and the location of the place of business for which it is issued.

(e) If a retail merchant intends to make retail transactions during a calendar year at a new Indiana place of business, the retail merchant must file a supplemental application and pay the fee for that place of business.

(f) A registered retail merchant's certificate is valid for two (2) years after the date the registered retail merchant's certificate is originally issued or renewed. If the retail merchant has filed all returns and remitted all taxes the retail merchant is currently obligated to file or remit, the department shall renew the registered retail merchant's certificate within thirty (30) days after the expiration date, at no cost to the retail merchant.

(g) The department may not renew a registered retail merchant certificate of a retail merchant who is delinquent in remitting **withholding taxes required to be remitted under IC 6-3-4** or sales or use tax. The department, at least sixty (60) days before the date on which a retail merchant's registered retail merchant's certificate expires, shall notify a retail merchant who is delinquent in remitting **withholding taxes required to be remitted under IC 6-3-4** or sales or use tax that the department will not renew the retail merchant's registered retail merchant's certificate.

(h) A retail merchant engaged in business in Indiana as defined in IC 6-2.5-3-1(c) who makes retail transactions that are only subject to the use tax must obtain a registered retail merchant's certificate before making those transactions. The retail merchant may obtain the certificate by following the same procedure as a retail merchant under subsections (b) and (c), except that the retail merchant must also include on the application:

- (1) the names and addresses of the retail merchant's principal employees, agents, or representatives who engage in Indiana in the solicitation or negotiation of the retail transactions;
- (2) the location of all of the retail merchant's places of business in Indiana, including offices and distribution houses; and
- (3) any other information that the department requests.

(i) The department may permit an out-of-state retail merchant to collect the use tax. However, before the out-of-state retail merchant

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may collect the tax, the out-of-state retail merchant must obtain a registered retail merchant's certificate in the manner provided by this section. Upon receiving the certificate, the out-of-state retail merchant becomes subject to the same conditions and duties as an Indiana retail merchant and must then collect the use tax due on all sales of tangible personal property that the out-of-state retail merchant knows is intended for use in Indiana.

(j) Except as provided in subsection (k), the department shall submit to the township assessor, or the county assessor if there is no township assessor for the township, before July 15 of each year:

- (1) the name of each retail merchant that has newly obtained a registered retail merchant's certificate between March 2 of the preceding year and March 1 of the current year for a place of business located in the township or county; and
- (2) the address of each place of business of the taxpayer in the township or county.

(k) If the duties of the township assessor have been transferred to the county assessor as described in IC 6-1.1-1-24, the department shall submit the information listed in subsection (j) to the county assessor.

SECTION 52. IC 6-2.5-8-7, AS AMENDED BY P.L.227-2007, SECTION 58, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 7. (a) The department may, for good cause, revoke a certificate issued under section 1, 3, or 4 of this chapter. However, the department must give the certificate holder at least five (5) days notice before it revokes the certificate under this subsection.

(b) The department shall revoke a certificate issued under section 1, 3, or 4 of this chapter if, for a period of three (3) years, the certificate holder fails to:

- (1) file the returns required by IC 6-2.5-6-1; or
- (2) report the collection of any state gross retail or use tax on the returns filed under IC 6-2.5-6-1.

However, the department must give the certificate holder at least five (5) days notice before it revokes the certificate.

(c) The department may, for good cause, revoke a certificate issued under section 1 of this chapter after at least five (5) days notice to the certificate holder if:

- (1) the certificate holder is subject to an innkeeper's tax under IC 6-9; and
- (2) a board, bureau, or commission established under IC 6-9 files a written statement with the department.

(d) The statement filed under subsection (c) must state that:

- (1) information obtained by the board, bureau, or commission

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under IC 6-8.1-7-1 indicates that the certificate holder has not complied with IC 6-9; and

(2) the board, bureau, or commission has determined that significant harm will result to the county from the certificate holder's failure to comply with IC 6-9.

(e) The department shall revoke or suspend a certificate issued under section 1 of this chapter after at least five (5) days notice to the certificate holder if:

(1) the certificate holder owes taxes, penalties, fines, interest, or costs due under IC 6-1.1 that remain unpaid at least sixty (60) days after the due date under IC 6-1.1; and

(2) the treasurer of the county to which the taxes are due requests the department to revoke or suspend the certificate.

(f) The department shall reinstate a certificate suspended under subsection (e) if the taxes and any penalties due under IC 6-1.1 are paid or the county treasurer requests the department to reinstate the certificate because an agreement for the payment of taxes and any penalties due under IC 6-1.1 has been reached to the satisfaction of the county treasurer.

(g) The department shall revoke a certificate issued under section 1 of this chapter after at least five (5) days notice to the certificate holder if the department finds in a public hearing by a preponderance of the evidence that the certificate holder has violated IC 35-45-5-3, IC 35-45-5-3.5, or IC 35-45-5-4.

(h) If a person makes a payment for the certificate under section 1 or 3 of this chapter with a check, credit card, debit card, or electronic funds transfer, and the department is unable to obtain payment of the check, credit card, debit card, or electronic funds transfer for its full face amount when the check, credit card, debit card, or electronic funds transfer is presented for payment through normal banking channels, the department shall notify the person by mail that the check, credit card, debit card, or electronic funds transfer was not honored and that the person has five (5) days after the notice is mailed to pay the fee in cash, by certified check, or other guaranteed payment. If the person fails to make the payment within the five (5) day period, the department shall revoke the certificate.

SECTION 53. IC 6-3-1-3.5, AS AMENDED BY HEA 1001-2011, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 3.5. When used in this article, the term "adjusted gross income" shall mean the following:

(a) In the case of all individuals, "adjusted gross income" (as

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defined in Section 62 of the Internal Revenue Code), modified as follows:

- (1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.
- (2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.
- (3) Subtract one thousand dollars (\$1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars (\$1,000).
- (4) Subtract one thousand dollars (\$1,000) for:
 - (A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;
 - (B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and
 - (C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.
- (5) Subtract:
 - (A) ~~for taxable years beginning after December 31, 2004~~, one thousand five hundred dollars (\$1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code (as effective January 1, 2004); and
 - (B) five hundred dollars (\$500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars (\$40,000).

This amount is in addition to the amount subtracted under subdivision (4).
- (6) Subtract an amount equal to the lesser of:
 - (A) that part of the individual's adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for that taxable year that is subject to a tax that is imposed by a political subdivision of another state and that is imposed on or measured by income; or
 - (B) two thousand dollars (\$2,000).
- (7) Add an amount equal to the total capital gain portion of a lump sum distribution (as defined in Section 402(e)(4)(D) of the Internal Revenue Code) if the lump sum distribution is received

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by the individual during the taxable year and if the capital gain portion of the distribution is taxed in the manner provided in Section 402 of the Internal Revenue Code.

(8) Subtract any amounts included in federal adjusted gross income under Section 111 of the Internal Revenue Code as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(9) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

~~(10) Add an amount equal to the deduction allowed under Section 221 of the Internal Revenue Code for married couples filing joint returns if the taxable year began before January 1, 1987.~~

~~(11) Add an amount equal to the interest excluded from federal gross income by the individual for the taxable year under Section 128 of the Internal Revenue Code if the taxable year began before January 1, 1985.~~

~~(12)~~ (10) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

~~(13)~~ (11) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

~~(14)~~ (12) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

~~(15)~~ (13) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

~~(16)~~ For taxable years beginning after December 31, 1999, (14) Subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the

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taxpayer's spouse, or both.

~~(17)~~ **(15)** Subtract an amount equal to the lesser of:

(A) for a taxable year:

(i) including any part of ~~2004~~, the amount determined under subsection (f); and

(ii) beginning after ~~December 31, 2004~~, two thousand five hundred dollars (\$2,500); or

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

~~(18)~~ **(16)** Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.

~~(19)~~ **(17)** Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

~~(20)~~ **(18)** Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

~~(21)~~ **(19)** Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

~~(22)~~ **(20)** Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

~~(23)~~ **(21)** Subtract an amount equal to the amount of the taxpayer's qualified military income that was not excluded from the taxpayer's gross income for federal income tax purposes under Section 112 of the Internal Revenue Code.

~~(24)~~ **(22)** Subtract income that is:

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(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the individual's federal adjusted gross income under the Internal Revenue Code.

~~(25)~~ **(23)** Subtract any amount of a credit (including an advance refund of the credit) that is provided to an individual under 26 U.S.C. 6428 (federal Economic Stimulus Act of 2008) and included in the individual's federal adjusted gross income.

~~(26)~~ **(24)** Add any amount of unemployment compensation excluded from federal gross income, as defined in Section 61 of the Internal Revenue Code, under Section 85(c) of the Internal Revenue Code.

~~(27)~~ **(25)** Add the amount excluded from gross income under Section 108(a)(1)(e) of the Internal Revenue Code for the discharge of debt on a qualified principal residence.

~~(28)~~ **(26)** Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract the amount necessary from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

~~(29)~~ **(27)** Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified restaurant property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

~~(30)~~ **(28)** Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified retail improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(ix) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

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~~(31)~~ **(29)** Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that claimed the special allowance for qualified disaster assistance property under Section 168(n) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the special allowance not been claimed for the property.

~~(32)~~ **(30)** Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 179C of the Internal Revenue Code to expense costs for qualified refinery property equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

~~(33)~~ **(31)** Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 181 of the Internal Revenue Code to expense costs for a qualified film or television production equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

~~(34)~~ **(32)** Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that treated a loss from the sale or exchange of preferred stock in:

(A) the Federal National Mortgage Association, established under the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.); or

(B) the Federal Home Loan Mortgage Corporation, established under the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 et seq.);

as an ordinary loss under Section 301 of the Emergency Economic Stabilization Act of 2008 in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had the loss not been treated as an ordinary loss.

(33) Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.

~~(35)~~ **(34)** Add the amount deducted from gross income under Section 198 of the Internal Revenue Code for the expensing of environmental remediation costs.

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~~(36)~~ **(35)** Add the amount excluded from gross income under Section 408(d)(8) of the Internal Revenue Code for a charitable distribution from an individual retirement plan.

~~(37)~~ **(36)** Add the amount deducted from gross income under Section 222 of the Internal Revenue Code for qualified tuition and related expenses.

~~(38)~~ **(37)** Add the amount deducted from gross income under Section 62(2)(D) of the Internal Revenue Code for certain expenses of elementary and secondary school teachers.

~~(39)~~ **(38)** Add the amount excluded from gross income under Section 127 of the Internal Revenue Code as annual employer provided education expenses.

~~(40)~~ **(39)** Add the amount deducted from gross income under Section 179E of the Internal Revenue Code for any qualified advanced mine safety equipment property.

~~(41)~~ **(40)** Add the monthly amount excluded from gross income under Section 132(f)(1)(A) and 132(f)(1)(B) that exceeds one hundred dollars (\$100) a month for a qualified transportation fringe.

~~(42)~~ **(41)** Add the amount deducted from gross income under Section 221 of the Internal Revenue Code that exceeds the amount the taxpayer could deduct under Section 221 of the Internal Revenue Code before it was amended by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312).

~~(43)~~ **(42)** Add the amount necessary to make the adjusted gross income of any taxpayer that placed any qualified leasehold improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(iv) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed into service.

~~(44)~~ **(43)** Add the amount necessary to make the adjusted gross income of any taxpayer that placed a motorsports entertainment complex in service during the taxable year and that was classified as 7-year property under Section 168(e)(3)(C)(ii) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed into service.

~~(45)~~ **(44)** Add the amount deducted under Section 195 of the Internal Revenue Code for start-up expenditures that exceeds the

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amount the taxpayer could deduct under Section 195 of the Internal Revenue Code before it was amended by the Small Business Jobs Act of 2010 (P.L. 111-240).

~~(46)~~ **(45)** Add the amount necessary to make the adjusted gross income of any taxpayer for which tax was not imposed on the net recognized built-in gain of an S corporation under Section 1374(d)(7) of the Internal Revenue Code as amended by the Small Business Jobs Act of 2010 (P.L. 111-240) equal to the amount of adjusted gross income that would have been computed before Section 1374(d)(7) of the Internal Revenue Code as amended by the Small Business Jobs Act of 2010 (P.L. 111-240).

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:

- (1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.
- (2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code.
- (3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.
- (4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.
- (5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.
- (6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.
- (7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not

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been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(9) Add to the extent required by IC 6-3-2-20 the amount of intangible expenses (as defined in IC 6-3-2-20) and any directly related intangible interest expenses (as defined in IC 6-3-2-20) for the taxable year that reduced the corporation's taxable income (as defined in Section 63 of the Internal Revenue Code) for federal income tax purposes.

(10) Add an amount equal to any deduction for dividends paid (as defined in Section 561 of the Internal Revenue Code) to shareholders of a captive real estate investment trust (as defined in section 34.5 of this chapter).

(11) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the corporation's taxable income under the Internal Revenue Code.

(12) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(13) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified restaurant property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

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(14) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified retail improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(ix) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(15) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that claimed the special allowance for qualified disaster assistance property under Section 168(n) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the special allowance not been claimed for the property.

(16) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 179C of the Internal Revenue Code to expense costs for qualified refinery property equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(17) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 181 of the Internal Revenue Code to expense costs for a qualified film or television production equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(18) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that treated a loss from the sale or exchange of preferred stock in:

(A) the Federal National Mortgage Association, established under the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.); or

(B) the Federal Home Loan Mortgage Corporation, established under the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 et seq.);

as an ordinary loss under Section 301 of the Emergency Economic Stabilization Act of 2008 in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had the loss not been treated as an ordinary loss.

(19) Add the amount deducted from gross income under Section 198 of the Internal Revenue Code for the expensing of environmental remediation costs.

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(20) Add the amount deducted from gross income under Section 179E of the Internal Revenue Code for any qualified advanced mine safety equipment property.

(21) Add the amount necessary to make the adjusted gross income of any taxpayer that placed any qualified leasehold improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(iv) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed into service.

(22) Add the amount necessary to make the adjusted gross income of any taxpayer that placed a motorsports entertainment complex in service during the taxable year and that was classified as 7-year property under Section 168(e)(3)(C)(ii) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed into service.

(23) Add the amount deducted under Section 195 of the Internal Revenue Code for start-up expenditures that exceeds the amount the taxpayer could deduct under Section 195 of the Internal Revenue Code before it was amended by the Small Business Jobs Act of 2010 (P.L. 111-240).

(24) Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.

(c) In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

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(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 or Section 810 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(9) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the insurance company's taxable income under the Internal Revenue Code.

(10) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(11) Add the amount necessary to make the adjusted gross income

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of any taxpayer that placed qualified restaurant property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(12) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified retail improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(ix) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(13) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that claimed the special allowance for qualified disaster assistance property under Section 168(n) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the special allowance not been claimed for the property.

(14) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 179C of the Internal Revenue Code to expense costs for qualified refinery property equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(15) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 181 of the Internal Revenue Code to expense costs for a qualified film or television production equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(16) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that treated a loss from the sale or exchange of preferred stock in:

(A) the Federal National Mortgage Association, established under the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.); or

(B) the Federal Home Loan Mortgage Corporation, established under the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 et seq.);

as an ordinary loss under Section 301 of the Emergency Economic Stabilization Act of 2008 in the current taxable year or

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in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had the loss not been treated as an ordinary loss.

(17) Add an amount equal to any exempt insurance income under Section 953(e) of the Internal Revenue Code that is active financing income under Subpart F of Subtitle A, Chapter 1, Subchapter N of the Internal Revenue Code.

(18) Add the amount necessary to make the adjusted gross income of any taxpayer that placed any qualified leasehold improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(iv) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed into service.

(19) Add the amount necessary to make the adjusted gross income of any taxpayer that placed a motorsports entertainment complex in service during the taxable year and that was classified as 7-year property under Section 168(e)(3)(C)(ii) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed into service.

(20) Add the amount deducted under Section 195 of the Internal Revenue Code for start-up expenditures that exceeds the amount the taxpayer could deduct under Section 195 of the Internal Revenue Code before it was amended by the Small Business Jobs Act of 2010 (P.L. 111-240).

(21) Add the amount deducted from gross income under Section 198 of the Internal Revenue Code for the expensing of environmental remediation costs.

(22) Add the amount deducted from gross income under Section 179E of the Internal Revenue Code for any qualified advanced mine safety equipment property.

(23) Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article

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by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(9) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the insurance company's taxable income under the Internal Revenue Code.

(10) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable

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debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(11) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified restaurant property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(12) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified retail improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(ix) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(13) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that claimed the special allowance for qualified disaster assistance property under Section 168(n) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the special allowance not been claimed for the property.

(14) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 179C of the Internal Revenue Code to expense costs for qualified refinery property equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(15) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 181 of the Internal Revenue Code to expense costs for a qualified film or television production equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(16) Add or subtract the amount necessary to make the adjusted

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gross income of any taxpayer that treated a loss from the sale or exchange of preferred stock in:

(A) the Federal National Mortgage Association, established under the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.); or

(B) the Federal Home Loan Mortgage Corporation, established under the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 et seq.);

as an ordinary loss under Section 301 of the Emergency Economic Stabilization Act of 2008 in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had the loss not been treated as an ordinary loss.

(17) Add an amount equal to any exempt insurance income under Section 953(e) of the Internal Revenue Code that is active financing income under Subpart F of Subtitle A, Chapter 1, Subchapter N of the Internal Revenue Code.

(18) Add the amount necessary to make the adjusted gross income of any taxpayer that placed any qualified leasehold improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(iv) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed into service.

(19) Add the amount necessary to make the adjusted gross income of any taxpayer that placed a motorsports entertainment complex in service during the taxable year and that was classified as 7-year property under Section 168(e)(3)(C)(ii) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed into service.

(20) Add the amount deducted under Section 195 of the Internal Revenue Code for start-up expenditures that exceeds the amount the taxpayer could deduct under Section 195 of the Internal Revenue Code before it was amended by the Small Business Jobs Act of 2010 (P.L. 111-240).

(21) Add the amount deducted from gross income under Section 198 of the Internal Revenue Code for the expensing of environmental remediation costs.

(22) Add the amount deducted from gross income under Section 179E of the Internal Revenue Code for any qualified advanced mine safety equipment property.

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(23) Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.

(e) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

- (1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.
- (2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim of the September 11 terrorist attack.
- (3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.
- (4) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.
- (5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).
- (6) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.
- (7) Subtract income that is:
 - (A) exempt from taxation under IC 6-3-2-21.7; and
 - (B) included in the taxpayer's taxable income under the

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Internal Revenue Code.

(8) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(9) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified restaurant property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(10) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified retail improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(ix) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(11) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that claimed the special allowance for qualified disaster assistance property under Section 168(n) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the special allowance not been claimed for the property.

(12) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 179C of the Internal Revenue Code to expense costs for qualified refinery property equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(13) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section

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181 of the Internal Revenue Code to expense costs for a qualified film or television production equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(14) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that treated a loss from the sale or exchange of preferred stock in:

(A) the Federal National Mortgage Association, established under the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.); or

(B) the Federal Home Loan Mortgage Corporation, established under the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 et seq.);

as an ordinary loss under Section 301 of the Emergency Economic Stabilization Act of 2008 in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had the loss not been treated as an ordinary loss.

(15) Add the amount excluded from gross income under Section 108(a)(1)(e) of the Internal Revenue Code for the discharge of debt on a qualified principal residence.

(16) Add the amount necessary to make the adjusted gross income of any taxpayer that placed any qualified leasehold improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(iv) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed into service.

(17) Add the amount necessary to make the adjusted gross income of any taxpayer that placed a motorsports entertainment complex in service during the taxable year and that was classified as 7-year property under Section 168(e)(3)(C)(ii) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed into service.

(18) Add the amount deducted under Section 195 of the Internal Revenue Code for start-up expenditures that exceeds the amount the taxpayer could deduct under Section 195 of the Internal Revenue Code before it was amended by the Small Business Jobs Act of 2010 (P.L. 111-240).

(19) Add the amount deducted from gross income under Section 198 of the Internal Revenue Code for the expensing of

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environmental remediation costs.

(20) Add the amount deducted from gross income under Section 179E of the Internal Revenue Code for any qualified advanced mine safety equipment property.

(21) Add the amount necessary to make the adjusted gross income of any taxpayer for which tax was not imposed on the net recognized built-in gain of an S corporation under Section 1374(d)(7) of the Internal Revenue Code as amended by the Small Business Jobs Act of 2010 (P.L. 111-240) equal to the amount of adjusted gross income that would have been computed before Section 1374(d)(7) of the Internal Revenue Code as amended by the Small Business Jobs Act of 2010 (P.L. 111-240).

(22) Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.

(f) This subsection applies only to the extent that an individual paid property taxes in ~~2004~~ that were imposed for the March ~~1~~, ~~2002~~, assessment date or the January ~~15~~, ~~2003~~, assessment date. The maximum amount of the deduction under subsection (a)(17) is equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the amount of property taxes that the taxpayer paid after December 31, 2003, in the taxable year for property taxes imposed for the March ~~1~~, ~~2002~~, assessment date and the January ~~15~~, ~~2003~~, assessment date.

STEP TWO: Determine the amount of property taxes that the taxpayer paid in the taxable year for the March ~~1~~, ~~2003~~, assessment date and the January ~~15~~, ~~2004~~, assessment date.

STEP THREE: Determine the result of the STEP ONE amount divided by the STEP TWO amount.

STEP FOUR: Multiply the STEP THREE amount by two thousand five hundred dollars (\$2,500).

STEP FIVE: Determine the sum of the STEP FOUR amount and two thousand five hundred dollars (\$2,500).

SECTION 54. IC 6-3-2-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) Each taxable year, a tax at the rate of three and four-tenths percent (3.4%) of adjusted gross income is imposed upon the adjusted gross income of every resident person, and on that part of the adjusted gross income derived from sources within Indiana of every nonresident person.

(b) Except as provided in section 1.5 of this chapter, each taxable

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year, a tax at the **following** rate ~~of eight and five-tenths percent (8.5%)~~ of adjusted gross income is imposed on that part of the adjusted gross income derived from sources within Indiana of every corporation:

- (1) **Before July 1, 2012, eight and five-tenths percent (8.5%).**
- (2) **After June 30, 2012, and before July 1, 2013, eight percent (8.0%).**
- (3) **After June 30, 2013, and before July 1, 2014, seven and five-tenths percent (7.5%).**
- (4) **After June 30, 2014, and before July 1, 2015, seven percent (7.0%).**
- (5) **After June 30, 2015, six and five-tenths percent (6.5%).**

(c) **If for any taxable year a taxpayer is subject to different tax rates under subsection (b), the taxpayer's tax rate for that taxable year is the rate determined in the last STEP of the following STEPS:**

STEP ONE: Multiply the number of months in the taxpayer's taxable year that precede the month the rate changed by the rate in effect before the rate change.

STEP TWO: Multiply the number of months in the taxpayer's taxable year that follow the month before the rate changed by the rate in effect after the rate change.

STEP THREE: Divide the sum of the amounts determined under STEPS ONE and TWO by twelve (12).

However, the rate determined under this subsection shall be rounded to the nearest one-hundredth of one percent (0.01%).

SECTION 55. IC 6-3-2-2, AS AMENDED BY P.L.182-2009(ss), SECTION 191, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)]: Sec. 2. (a) With regard to corporations and nonresident persons, "adjusted gross income derived from sources within Indiana", for the purposes of this article, shall mean and include:

- (1) income from real or tangible personal property located in this state;
- (2) income from doing business in this state;
- (3) income from a trade or profession conducted in this state;
- (4) compensation for labor or services rendered within this state; and
- (5) income from stocks, bonds, notes, bank deposits, patents, copyrights, secret processes and formulas, good will, trademarks, trade brands, franchises, and other intangible personal property if the receipt from the intangible is attributable to Indiana under ~~section 2-2 of this chapter: to the extent that the income is~~

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apportioned to Indiana under this section or if the income is allocated to Indiana or considered to be derived from sources within Indiana under this section.

Income from a pass through entity shall be characterized in a manner consistent with the income's characterization for federal income tax purposes and shall be considered Indiana source income as if the person, corporation, or pass through entity that received the income had directly engaged in the income producing activity. Income that is derived from one (1) pass through entity and is considered to pass through to another pass through entity does not change these characteristics or attribution provisions. In the case of nonbusiness income described in subsection (g), only so much of such income as is allocated to this state under the provisions of subsections (h) through (k) shall be deemed to be derived from sources within Indiana. In the case of business income, only so much of such income as is apportioned to this state under the provision of subsection (b) shall be deemed to be derived from sources within the state of Indiana. In the case of compensation of a team member (as defined in section 2.7 of this chapter), only the portion of income determined to be Indiana income under section 2.7 of this chapter is considered derived from sources within Indiana. In the case of a corporation that is a life insurance company (as defined in Section 816(a) of the Internal Revenue Code) or an insurance company that is subject to tax under Section 831 of the Internal Revenue Code, only so much of the income as is apportioned to Indiana under subsection (r) is considered derived from sources within Indiana.

(b) Except as provided in subsection (l), if business income of a corporation or a nonresident person is derived from sources within the state of Indiana and from sources without the state of Indiana, the business income derived from sources within this state shall be determined by multiplying the business income derived from sources both within and without the state of Indiana by the following:

(1) For all taxable years that begin after December 31, 2006, and before January 1, 2008, a fraction. The:

(A) numerator of the fraction is the sum of the property factor plus the payroll factor plus the product of the sales factor multiplied by three (3); and

(B) denominator of the fraction is five (5).

(2) For all taxable years that begin after December 31, 2007, and before January 1, 2009, a fraction. The:

(A) numerator of the fraction is the property factor plus the payroll factor plus the product of the sales factor multiplied by

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four and sixty-seven hundredths (4.67); and

(B) denominator of the fraction is six and sixty-seven hundredths (6.67).

(3) For all taxable years beginning after December 31, 2008, and before January 1, 2010, a fraction. The:

(A) numerator of the fraction is the property factor plus the payroll factor plus the product of the sales factor multiplied by eight (8); and

(B) denominator of the fraction is ten (10).

(4) For all taxable years beginning after December 31, 2009, and before January 1, 2011, a fraction. The:

(A) numerator of the fraction is the property factor plus the payroll factor plus the product of the sales factor multiplied by eighteen (18); and

(B) denominator of the fraction is twenty (20).

(5) For all taxable years beginning after December 31, 2010, the sales factor.

(c) The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property owned or rented and used in this state during the taxable year and the denominator of which is the average value of all the taxpayer's real and tangible personal property owned or rented and used during the taxable year. However, with respect to a foreign corporation, the denominator does not include the average value of real or tangible personal property owned or rented and used in a place that is outside the United States. Property owned by the taxpayer is valued at its original cost. Property rented by the taxpayer is valued at eight (8) times the net annual rental rate. Net annual rental rate is the annual rental rate paid by the taxpayer less any annual rental rate received by the taxpayer from subrentals. The average of property shall be determined by averaging the values at the beginning and ending of the taxable year, but the department may require the averaging of monthly values during the taxable year if reasonably required to reflect properly the average value of the taxpayer's property.

(d) The payroll factor is a fraction, the numerator of which is the total amount paid in this state during the taxable year by the taxpayer for compensation, and the denominator of which is the total compensation paid everywhere during the taxable year. However, with respect to a foreign corporation, the denominator does not include compensation paid in a place that is outside the United States. Compensation is paid in this state if:

(1) the individual's service is performed entirely within the state;

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(2) the individual's service is performed both within and without this state, but the service performed without this state is incidental to the individual's service within this state; or

(3) some of the service is performed in this state and:

(A) the base of operations or, if there is no base of operations, the place from which the service is directed or controlled is in this state; or

(B) the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the individual is a resident of this state.

(e) The sales factor is a fraction, the numerator of which is the total sales of the taxpayer in this state during the taxable year, and the denominator of which is the total sales of the taxpayer everywhere during the taxable year. Sales include receipts from intangible property and receipts from the sale or exchange of intangible property. However, with respect to a foreign corporation, the denominator does not include sales made in a place that is outside the United States. Receipts from intangible personal property are derived from sources within Indiana if the receipts from the intangible personal property are attributable to Indiana under section 2.2 of this chapter. Regardless of the f.o.b. point or other conditions of the sale, sales of tangible personal property are in this state if:

(1) the property is delivered or shipped to a purchaser that is within Indiana, other than the United States government; or

(2) the property is shipped from an office, a store, a warehouse, a factory, or other place of storage in this state and:

(A) the purchaser is the United States government; or

(B) the taxpayer is not taxable in the state of the purchaser.

Gross receipts derived from commercial printing as described in IC 6-2.5-1-10 shall be treated as sales of tangible personal property for purposes of this chapter.

(f) Sales, other than receipts from intangible property covered by subsection (e) and sales of tangible personal property, are in this state if:

(1) the income-producing activity is performed in this state; or

(2) the income-producing activity is performed both within and without this state and a greater proportion of the income-producing activity is performed in this state than in any other state, based on costs of performance.

(g) Rents and royalties from real or tangible personal property, capital gains, interest, dividends, or patent or copyright royalties, to the

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extent that they constitute nonbusiness income, shall be allocated as provided in subsections (h) through (k).

(h)(1) Net rents and royalties from real property located in this state are allocable to this state.

(2) Net rents and royalties from tangible personal property are allocated to this state:

- (i) if and to the extent that the property is utilized in this state; or
- (ii) in their entirety if the taxpayer's commercial domicile is in this state and the taxpayer is not organized under the laws of or taxable in the state in which the property is utilized.

(3) The extent of utilization of tangible personal property in a state is determined by multiplying the rents and royalties by a fraction, the numerator of which is the number of days of physical location of the property in the state during the rental or royalty period in the taxable year, and the denominator of which is the number of days of physical location of the property everywhere during all rental or royalty periods in the taxable year. If the physical location of the property during the rental or royalty period is unknown or unascertainable by the taxpayer, tangible personal property is utilized in the state in which the property was located at the time the rental or royalty payer obtained possession.

(i)(1) Capital gains and losses from sales of real property located in this state are allocable to this state.

(2) Capital gains and losses from sales of tangible personal property are allocable to this state if:

- (i) the property had a situs in this state at the time of the sale; or
- (ii) the taxpayer's commercial domicile is in this state and the taxpayer is not taxable in the state in which the property had a situs.

(3) Capital gains and losses from sales of intangible personal property are allocable to this state if the taxpayer's commercial domicile is in this state.

(j) Interest and dividends are allocable to this state if the taxpayer's commercial domicile is in this state.

(k)(1) Patent and copyright royalties are allocable to this state:

- (i) if and to the extent that the patent or copyright is utilized by the taxpayer in this state; or
- (ii) if and to the extent that the patent or copyright is utilized by the taxpayer in a state in which the taxpayer is not taxable and the taxpayer's commercial domicile is in this state.

(2) A patent is utilized in a state to the extent that it is employed in production, fabrication, manufacturing, or other processing in the state or to the extent that a patented product is produced in the

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state. If the basis of receipts from patent royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the patent is utilized in the state in which the taxpayer's commercial domicile is located.

(3) A copyright is utilized in a state to the extent that printing or other publication originates in the state. If the basis of receipts from copyright royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the copyright is utilized in the state in which the taxpayer's commercial domicile is located.

(l) If the allocation and apportionment provisions of this article do not fairly represent the taxpayer's income derived from sources within the state of Indiana, the taxpayer may petition for or the department may require, in respect to all or any part of the taxpayer's business activity, if reasonable:

- (1) separate accounting;
- (2) for a taxable year beginning before January 1, 2011, the exclusion of any one (1) or more of the factors, except the sales factor;
- (3) the inclusion of one (1) or more additional factors which will fairly represent the taxpayer's income derived from sources within the state of Indiana; or
- (4) the employment of any other method to effectuate an equitable allocation and apportionment of the taxpayer's income.

(m) In the case of two (2) or more organizations, trades, or businesses owned or controlled directly or indirectly by the same interests, the department shall distribute, apportion, or allocate the income derived from sources within the state of Indiana between and among those organizations, trades, or businesses in order to fairly reflect and report the income derived from sources within the state of Indiana by various taxpayers.

(n) For purposes of allocation and apportionment of income under this article, a taxpayer is taxable in another state if:

- (1) in that state the taxpayer is subject to a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, or a corporate stock tax; or
- (2) that state has jurisdiction to subject the taxpayer to a net income tax regardless of whether, in fact, the state does or does not.

(o) Notwithstanding subsections (l) and (m), the department may not, under any circumstances, require that income, deductions, and credits attributable to a taxpayer and another entity be reported in a

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combined income tax return for any taxable year, if the other entity is:

- (1) a foreign corporation; or
- (2) a corporation that is classified as a foreign operating corporation for the taxable year by section 2.4 of this chapter.

(p) Notwithstanding subsections (l) and (m), the department may not require that income, deductions, and credits attributable to a taxpayer and another entity not described in subsection (o)(1) or (o)(2) be reported in a combined income tax return for any taxable year, unless the department is unable to fairly reflect the taxpayer's adjusted gross income for the taxable year through use of other powers granted to the department by subsections (l) and (m).

(q) Notwithstanding subsections (o) and (p), one (1) or more taxpayers may petition the department under subsection (l) for permission to file a combined income tax return for a taxable year. The petition to file a combined income tax return must be completed and filed with the department not more than thirty (30) days after the end of the taxpayer's taxable year. A taxpayer filing a combined income tax return must petition the department within thirty (30) days after the end of the taxpayer's taxable year to discontinue filing a combined income tax return.

(r) This subsection applies to a corporation that is a life insurance company (as defined in Section 816(a) of the Internal Revenue Code) or an insurance company that is subject to tax under Section 831 of the Internal Revenue Code. The corporation's adjusted gross income that is derived from sources within Indiana is determined by multiplying the corporation's adjusted gross income by a fraction:

- (1) the numerator of which is the direct premiums and annuity considerations received during the taxable year for insurance upon property or risks in the state; and
- (2) the denominator of which is the direct premiums and annuity considerations received during the taxable year for insurance upon property or risks everywhere.

The term "direct premiums and annuity considerations" means the gross premiums received from direct business as reported in the corporation's annual statement filed with the department of insurance.

SECTION 56. IC 6-3-2-2.5, AS AMENDED BY P.L.113-2010, SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 2.5. (a) This section applies to a resident person.

(b) Resident persons are entitled to a net operating loss deduction. The amount of the deduction taken in a taxable year may not exceed the taxpayer's unused Indiana net operating losses ~~carried back or~~

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carried over to that year. **A taxpayer is not entitled to carryback any net operating losses after December 31, 2011.**

(c) An Indiana net operating loss equals the taxpayer's federal net operating loss for a taxable year as calculated under Section 172 of the Internal Revenue Code, adjusted for the modifications required by IC 6-3-1-3.5.

(d) The following provisions apply for purposes of subsection (c):

(1) The modifications that are to be applied are those modifications required under IC 6-3-1-3.5 for the same taxable year in which each net operating loss was incurred.

(2) An Indiana net operating loss includes a net operating loss that arises when the modifications required by IC 6-3-1-3.5 exceed the taxpayer's federal adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for the taxable year in which the Indiana net operating loss is determined.

(e) Subject to the limitations contained in subsection (g), an Indiana net operating loss ~~carryback or~~ carryover shall be available as a deduction from the taxpayer's adjusted gross income (as defined in IC 6-3-1-3.5) in the ~~carryback or~~ carryover year provided in subsection (f).

(f) ~~Carrybacks and~~ Carryovers shall be determined under this subsection as follows:

(1) ~~An Indiana net operating loss shall be an Indiana net operating loss carryback to each of the carryback years preceding the taxable year of the loss:~~

(2) (1) An Indiana net operating loss shall be an Indiana net operating loss carryover to each of the carryover years following the taxable year of the loss.

(3) ~~Carryback years shall be determined by reference to the number of years allowed for carrying back a net operating loss under Section 172(b) of the Internal Revenue Code. However, with respect to the carryback period for a net operating loss:~~

(A) for which a taxpayer made an election to use five (5) years instead of two (2) years under Section 172(b)(1)(H) of the Internal Revenue Code; two (2) years shall be used instead of five (5) years; or

(B) that is a qualified disaster loss for which the taxpayer elected to have the net operating loss carryback period with respect to the loss year determined without regard to Section 172(b)(1)(J) of the Internal Revenue Code; five (5) years shall be used.

(4) (2) Carryover years shall be determined by reference to the

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number of years allowed for carrying over net operating losses under Section 172(b) of the Internal Revenue Code.

~~(5) A taxpayer who makes an election under Section 172(b)(3) of the Internal Revenue Code to relinquish the carryback period with respect to a net operating loss for any taxable year shall be considered to have also relinquished the carryback of the Indiana net operating loss for purposes of this section:~~

(g) The entire amount of the Indiana net operating loss for any taxable year shall be carried to the earliest of the taxable years to which (as determined under subsection (f)) the loss may be carried. The amount of the Indiana net operating loss remaining after the deduction is taken under this section in a taxable year may be ~~carried back or~~ carried over as provided in subsection (f). The amount of the Indiana net operating loss ~~carried back or~~ carried over from year to year shall be reduced to the extent that the Indiana net operating loss ~~carryback or~~ carryover is used by the taxpayer to obtain a deduction in a taxable year until the occurrence of the earlier of the following:

(1) The entire amount of the Indiana net operating loss has been used as a deduction.

(2) The Indiana net operating loss has been carried over to each of the carryover years provided by subsection (f).

SECTION 57. IC 6-3-2-2.6, AS AMENDED BY P.L.113-2010, SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 2.6. (a) This section applies to a corporation or a nonresident person.

(b) Corporations and nonresident persons are entitled to a net operating loss deduction. The amount of the deduction taken in a taxable year may not exceed the taxpayer's unused Indiana net operating losses ~~carried back or~~ carried over to that year. **A taxpayer is not entitled to carryback any net operating losses after December 31, 2011.**

(c) An Indiana net operating loss equals the taxpayer's federal net operating loss for a taxable year as calculated under Section 172 of the Internal Revenue Code, derived from sources within Indiana and adjusted for the modifications required by IC 6-3-1-3.5.

(d) The following provisions apply for purposes of subsection (c):

(1) The modifications that are to be applied are those modifications required under IC 6-3-1-3.5 for the same taxable year in which each net operating loss was incurred.

(2) The amount of the taxpayer's net operating loss that is derived from sources within Indiana shall be determined in the same manner that the amount of the taxpayer's adjusted income derived

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from sources within Indiana is determined under section 2 of this chapter for the same taxable year during which each loss was incurred.

(3) An Indiana net operating loss includes a net operating loss that arises when the modifications required by IC 6-3-1-3.5 exceed the taxpayer's federal taxable income (as defined in Section 63 of the Internal Revenue Code), if the taxpayer is a corporation, or when the modifications required by IC 6-3-1-3.5 exceed the taxpayer's federal adjusted gross income (as defined by Section 62 of the Internal Revenue Code), if the taxpayer is a nonresident person, for the taxable year in which the Indiana net operating loss is determined.

(e) Subject to the limitations contained in subsection (g), an Indiana net operating loss ~~carryback or~~ carryover shall be available as a deduction from the taxpayer's adjusted gross income derived from sources within Indiana (as defined in section 2 of this chapter) in the ~~carryback or~~ carryover year provided in subsection (f).

(f) ~~Carrybacks and~~ Carryovers shall be determined under this subsection as follows:

(1) ~~An Indiana net operating loss shall be an Indiana net operating loss carryback to each of the carryback years preceding the taxable year of the loss:~~

(2) (1) An Indiana net operating loss shall be an Indiana net operating loss carryover to each of the carryover years following the taxable year of the loss.

(3) ~~Carryback years shall be determined by reference to the number of years allowed for carrying back a net operating loss under Section 172(b) of the Internal Revenue Code. However, with respect to the carryback period for a net operating loss:~~

(A) ~~for which a taxpayer made an election to use five (5) years instead of two (2) years under Section 172(b)(1)(H) of the Internal Revenue Code; two (2) years shall be used instead of five (5) years; or~~

(B) ~~that is a qualified disaster loss for which the taxpayer elected to have the net operating loss carryback period with respect to the loss year determined without regard to Section 172(b)(1)(J) of the Internal Revenue Code; five (5) years shall be used:~~

(4) (2) Carryover years shall be determined by reference to the number of years allowed for carrying over net operating losses under Section 172(b) of the Internal Revenue Code.

(5) ~~A taxpayer who makes an election under Section 172(b)(3) of~~

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the Internal Revenue Code to relinquish the carryback period with respect to a net operating loss for any taxable year shall be considered to have also relinquished the carryback of the Indiana net operating loss for purposes of this section:

(g) The entire amount of the Indiana net operating loss for any taxable year shall be carried to the earliest of the taxable years to which (as determined under subsection (f)) the loss may be carried. The amount of the Indiana net operating loss remaining after the deduction is taken under this section in a taxable year may be ~~carried back or~~ carried over as provided in subsection (f). The amount of the Indiana net operating loss ~~carried back or~~ carried over from year to year shall be reduced to the extent that the Indiana net operating loss ~~carryback or~~ carryover is used by the taxpayer to obtain a deduction in a taxable year until the occurrence of the earlier of the following:

- (1) The entire amount of the Indiana net operating loss has been used as a deduction.
- (2) The Indiana net operating loss has been carried over to each of the carryover years provided by subsection (f).

(h) An Indiana net operating loss deduction determined under this section shall be allowed notwithstanding the fact that in the year the taxpayer incurred the net operating loss the taxpayer was not subject to the tax imposed under section 1 of this chapter because the taxpayer was:

- (1) a life insurance company (as defined in Section 816(a) of the Internal Revenue Code); or
- (2) an insurance company subject to tax under Section 831 of the Internal Revenue Code.

(i) In the case of a life insurance company that claims an operations loss deduction under Section 810 of the Internal Revenue Code, this section shall be applied by:

- (1) substituting the corresponding provisions of Section 810 of the Internal Revenue Code in place of references to Section 172 of the Internal Revenue Code; and
- (2) substituting life insurance company taxable income (as defined in Section 801 the Internal Revenue Code) in place of references to taxable income (as defined in Section 63 of the Internal Revenue Code).

(j) For purposes of an amended return filed to carry back an Indiana net operating loss:

- (1) the term "due date of the return", as used in IC 6-8.1-9-1(a)(1), means the due date of the return for the taxable year in which the net operating loss was incurred; and

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(2) the term "date the payment was due", as used in IC 6-8.1-9-2(c); means the due date of the return for the taxable year in which the net operating loss was incurred:

SECTION 58. IC 6-3-4-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 3. Returns required to be made pursuant to section 1 of this chapter shall be filed with the department on or before the **later of the following**:

- (1) **The 15th day of the fourth month following the close of the taxable year.**
- (2) **For a corporation whose federal tax return is due on or after the date set forth in subdivision (1), as determined without regard to any extensions, weekends, or holidays, the 15th day of the month following the due date of the federal tax return.**

SECTION 59. IC 6-3-4-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)]: Sec. 6. (a) Any taxpayer, upon request by the department, shall furnish to the department a true and correct copy of any tax return which ~~he~~ **the taxpayer** has filed with the United States Internal Revenue Service which copy shall be certified to by the taxpayer under penalties of perjury.

(b) Each taxpayer shall notify the department of any modification of:

- (1) a federal income tax return filed by the taxpayer after January 1, 1978; or
- (2) the taxpayer's federal income tax liability for a taxable year which begins after December 31, 1977.

The taxpayer shall file the notice on the form prescribed by the department within one hundred twenty (120) days after the modification is made **if the modification was made before January 1, 2011, and one hundred eighty (180) days after the modification is made if the modification is made after December 31, 2010.**

(c) If the federal modification results in a change in the taxpayer's federal or Indiana adjusted gross income, the taxpayer shall file an Indiana amended return within one hundred twenty (120) days after the modification is made **if the modification was made before January 1, 2011, and one hundred eighty (180) days after the modification is made if the modification is made after December 31, 2010.**

SECTION 60. IC 6-3-4-8, AS AMENDED BY P.L.131-2008, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)]: Sec. 8. (a) Except as provided in subsection (d), ~~or (f)~~, every employer making payments of wages

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subject to tax under this article, regardless of the place where such payment is made, who is required under the provisions of the Internal Revenue Code to withhold, collect, and pay over income tax on wages paid by such employer to such employee, shall, at the time of payment of such wages, deduct and retain therefrom the amount prescribed in withholding instructions issued by the department. The department shall base its withholding instructions on the adjusted gross income tax rate for persons, on the total rates of any income taxes that the taxpayer is subject to under IC 6-3.5, and on the total amount of exclusions the taxpayer is entitled to under IC 6-3-1-3.5(a)(3) and IC 6-3-1-3.5(a)(4). However, the withholding instructions on the adjusted gross income of a nonresident alien (as defined in Section 7701 of the Internal Revenue Code) are to be based on applying not more than one (1) withholding exclusion, regardless of the total number of exclusions that IC 6-3-1-3.5(a)(3) and IC 6-3-1-3.5(a)(4) permit the taxpayer to apply on the taxpayer's final return for the taxable year. Such employer making payments of any wages:

(1) shall be liable to the state of Indiana for the payment of the tax required to be deducted and withheld under this section and shall not be liable to any individual for the amount deducted from the individual's wages and paid over in compliance or intended compliance with this section; and

(2) shall make return of and payment to the department monthly of the amount of tax which under this article and IC 6-3.5 the employer is required to withhold.

(b) An employer shall pay taxes withheld under subsection (a) during a particular month to the department no later than thirty (30) days after the end of that month. However, in place of monthly reporting periods, the department may permit an employer to report and pay the tax for:

(1) a calendar year reporting period, if the average monthly amount of all tax required to be withheld by the employer in the previous calendar year does not exceed ten dollars (\$10);

(2) a six (6) month reporting period, if the average monthly amount of all tax required to be withheld by the employer in the previous calendar year does not exceed twenty-five dollars (\$25);
or

(3) a three (3) month reporting period, if the average monthly amount of all tax required to be withheld by the employer in the previous calendar year does not exceed seventy-five dollars (\$75).

An employer using a reporting period (other than a monthly reporting period) must file the employer's return and pay the tax for a reporting

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period no later than the last day of the month immediately following the close of the reporting period. If an employer files a combined sales and withholding tax report, the reporting period for the combined report is the shortest period required under this section, section 8.1 of this chapter, or IC 6-2.5-6-1.

(c) For purposes of determining whether an employee is subject to taxation under IC 6-3.5, an employer is entitled to rely on the statement of an employee as to the employee's county of residence as represented by the statement of address in forms claiming exemptions for purposes of withholding, regardless of when the employee supplied the forms. Every employee shall notify the employee's employer within five (5) days after any change in the employee's county of residence.

(d) A county that makes payments of wages subject to tax under this article:

- (1) to a precinct election officer (as defined in IC 3-5-2-40.1); and
- (2) for the performance of the duties of the precinct election officer imposed by IC 3 that are performed on election day;

is not required, at the time of payment of the wages, to deduct and retain from the wages the amount prescribed in withholding instructions issued by the department.

(e) Every employer shall, at the time of each payment made by the employer to the department, deliver to the department a return upon the form prescribed by the department showing:

- (1) the total amount of wages paid to the employer's employees;
- (2) the amount deducted therefrom in accordance with the provisions of the Internal Revenue Code;
- (3) the amount of adjusted gross income tax deducted therefrom in accordance with the provisions of this section;
- (4) the amount of income tax, if any, imposed under IC 6-3.5 and deducted therefrom in accordance with this section; and
- (5) any other information the department may require.

Every employer making a declaration of withholding as provided in this section shall furnish the employer's employees annually, but not later than thirty (30) days after the end of the calendar year, a record of the total amount of adjusted gross income tax and the amount of each income tax, if any, imposed under IC 6-3.5, withheld from the employees, on the forms prescribed by the department.

(f) All money deducted and withheld by an employer shall immediately upon such deduction be the money of the state, and every employer who deducts and retains any amount of money under the provisions of this article shall hold the same in trust for the state of Indiana and for payment thereof to the department in the manner and

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at the times provided in this article. Any employer may be required to post a surety bond in the sum the department determines to be appropriate to protect the state with respect to money withheld pursuant to this section.

(g) The provisions of IC 6-8.1 relating to additions to tax in case of delinquency and penalties shall apply to employers subject to the provisions of this section, and for these purposes any amount deducted or required to be deducted and remitted to the department under this section shall be considered to be the tax of the employer, and with respect to such amount the employer shall be considered the taxpayer. In the case of a corporate or partnership employer, every officer, employee, or member of such employer, who, as such officer, employee, or member is under a duty to deduct and remit such taxes shall be personally liable for such taxes, penalties, and interest.

(h) Amounts deducted from wages of an employee during any calendar year in accordance with the provisions of this section shall be considered to be in part payment of the tax imposed on such employee for the employee's taxable year which begins in such calendar year, and a return made by the employer under subsection (b) shall be accepted by the department as evidence in favor of the employee of the amount so deducted from the employee's wages. Where the total amount so deducted exceeds the amount of tax on the employee as computed under this article and IC 6-3.5, the department shall, after examining the return or returns filed by the employee in accordance with this article and IC 6-3.5, refund the amount of the excess deduction. However, under rules promulgated by the department, the excess or any part thereof may be applied to any taxes or other claim due from the taxpayer to the state of Indiana or any subdivision thereof. No refund shall be made to an employee who fails to file the employee's return or returns as required under this article and IC 6-3.5 within two (2) years from the due date of the return or returns. In the event that the excess tax deducted is less than one dollar (\$1), no refund shall be made.

(i) This section shall in no way relieve any taxpayer from the taxpayer's obligation of filing a return or returns at the time required under this article and IC 6-3.5, and, should the amount withheld under the provisions of this section be insufficient to pay the total tax of such taxpayer, such unpaid tax shall be paid at the time prescribed by section 5 of this chapter.

(j) Notwithstanding subsection (b), an employer of a domestic service employee that enters into an agreement with the domestic service employee to withhold federal income tax under Section 3402 of the Internal Revenue Code may withhold Indiana income tax on the

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domestic service employee's wages on the employer's Indiana individual income tax return in the same manner as allowed by Section 3510 of the Internal Revenue Code.

(k) To the extent allowed by Section 1137 of the Social Security Act, an employer of a domestic service employee may report and remit state unemployment insurance contributions on the employee's wages on the employer's Indiana individual income tax return in the same manner as allowed by Section 3510 of the Internal Revenue Code.

(l) The department shall adopt rules under IC 4-22-2 to exempt an employer from the duty to deduct and remit from the wages of an employee adjusted gross income tax withholding that would otherwise be required under this section whenever:

- (1) an employee has at least one (1) qualifying child, as determined under Section 32 of the Internal Revenue Code;
- (2) the employee is eligible for an earned income tax credit under IC 6-3.1-21;
- (3) the employee elects to receive advance payments of the earned income tax credit under IC 6-3.1-21 from money that would otherwise be withheld from the employee's wages for adjusted gross income taxes; and
- (4) the amount that is not deducted and remitted is distributed to the employee, in accordance with the procedures prescribed by the department, as an advance payment of the earned income tax credit for which the employee is eligible under IC 6-3.1-21.

The rules must establish the procedures and reports required to carry out this subsection:

(m) (l) A person who knowingly fails to remit trust fund money as set forth in this section commits a Class D felony.

SECTION 61. IC 6-3.1-2-8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 8. (a) A tax credit may not be awarded under this chapter after December 31, 2011.**

(b) This chapter expires January 1, 2020.

SECTION 62. IC 6-3.1-14-9 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 9. (a) A tax credit may not be awarded under this chapter for the providing, after December 31, 2011, of a temporary residence.**

(b) Any tax credit previously awarded but not claimed may not be carried over to a taxable year beginning during the period January 1, 2012, through December 31, 2013, and must be carried forward to a taxable year that begins after December 31, 2013, and

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before January 1, 2016.

SECTION 63. IC 6-3.1-14-10 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 10. This chapter expires January 1, 2020.**

SECTION 64. IC 6-3.1-19-3, AS AMENDED BY P.L.113-2010, SECTION 59, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Except as provided in section 5 ~~or 5.5~~ of this chapter, a taxpayer is entitled to a credit against the taxpayer's state and local tax liability for a taxable year if the taxpayer makes a qualified investment in that year.

(b) The amount of the credit to which a taxpayer is entitled is the qualified investment made by the taxpayer during the taxable year multiplied by twenty-five percent (25%).

(c) A taxpayer may assign any part of the credit to which the taxpayer is entitled under this chapter to a lessee of property redeveloped or rehabilitated under section 2 of this chapter. A credit that is assigned under this subsection remains subject to this chapter.

(d) An assignment under subsection (c) must be in writing and both the taxpayer and the lessee must report the assignment on their state tax return for the year in which the assignment is made, in the manner prescribed by the department. The taxpayer may not receive value in connection with the assignment under subsection (c) that exceeds the value of the part of the credit assigned.

(e) If a pass through entity is entitled to a credit under this chapter but does not have state and local tax liability against which the tax credit may be applied, a shareholder, partner, or member of the pass through entity is entitled to a tax credit equal to:

- (1) the tax credit determined for the pass through entity for the taxable year; multiplied by
- (2) the percentage of the pass through entity's distributive income to which the shareholder, partner, or member is entitled.

The credit provided under this subsection is in addition to a tax credit to which a shareholder, partner, or member of a pass through entity is otherwise entitled under this chapter. However, a pass through entity and an individual who is a shareholder, partner, or member of the pass through entity may not claim more than one (1) credit for the same investment.

(f) A taxpayer that is otherwise entitled to a credit under this chapter for a taxable year may claim the credit regardless of whether any income tax incremental amount or gross retail incremental amount has been:

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- (1) deposited in the incremental tax financing fund established for the community revitalization enhancement district; or
- (2) allocated to the district.

SECTION 65. IC 6-3.1-21-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 8. To obtain a credit under this chapter, ~~or the advance payment of a credit under this chapter provided under IC 6-3-4-8~~, a taxpayer must claim the advance payment or credit in the manner prescribed by the department of state revenue. The taxpayer shall submit to the department of state revenue all information that the department of state revenue determines is necessary for the calculation of the credit provided by this chapter.

SECTION 66. IC 6-3.1-24-7, AS AMENDED BY P.L.193-2005, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 7. (a) The Indiana economic development corporation shall certify that a business is a qualified Indiana business if the corporation determines that the business:

- (1) has its headquarters in Indiana;
- (2) is primarily focused on professional motor vehicle racing, commercialization of research and development, technology transfers, or the application of new technology, or is determined by the Indiana economic development corporation to have significant potential to:
 - (A) bring substantial capital into Indiana;
 - (B) create jobs;
 - (C) diversify the business base of Indiana; or
 - (D) significantly promote the purposes of this chapter in any other way;
- (3) has had average annual revenues of less than ten million dollars (\$10,000,000) in the two (2) years preceding the year in which the business received qualified investment capital from a taxpayer claiming a credit under this chapter;
- (4) has:
 - (A) at least fifty percent (50%) of its employees residing in Indiana; or
 - (B) at least seventy-five percent (75%) of its assets located in Indiana; and
- (5) is not engaged in a business involving:
 - (A) real estate;
 - (B) real estate development;
 - (C) insurance;
 - (D) professional services provided by an accountant, a lawyer, or a physician;

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(E) retail sales, except when the primary purpose of the business is the development or support of electronic commerce using the Internet; or

(F) oil and gas exploration.

(b) A business shall apply to be certified as a qualified Indiana business on a form prescribed by the Indiana economic development corporation.

(c) If a business is certified as a qualified Indiana business under this section, the Indiana economic development corporation shall provide a copy of the certification to the investors in the qualified Indiana business for inclusion in tax filings.

(d) **Except as provided in subsection (e)**, the Indiana economic development corporation may impose an application fee of not more than two hundred dollars (\$200).

(e) The Indiana economic development corporation may not impose the application fee authorized by subsection (d) for applications submitted during the period beginning July 1, 2011, and ending June 30, 2013.

SECTION 67. IC 6-3.1-24-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)]:
Sec. 8. (a) A certification provided under section 7 of this chapter must include notice to the investors of the maximum amount of tax credits available under this chapter for the provision of qualified investment capital to the qualified Indiana business.

(b) **For a calendar year ending before January 1, 2011**, the maximum amount of tax credits available under this chapter for the provision of qualified investment capital to a particular qualified Indiana business equals the lesser of:

- (1) the total amount of qualified investment capital provided to the qualified Indiana business in the calendar year, multiplied by twenty percent (20%); or
- (2) five hundred thousand dollars (\$500,000).

(c) **For a calendar year beginning after December 31, 2010**, the maximum amount of tax credits available under this chapter for the provision of qualified investment capital to a particular qualified Indiana business equals the lesser of the following:

- (1) **The total amount of qualified investment capital provided to the qualified Indiana business in the calendar year, multiplied by twenty percent (20%).**
- (2) **One million dollars (\$1,000,000).**

SECTION 68. IC 6-3.1-24-9, AS AMENDED BY P.L.211-2007, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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JULY 1, 2011]: Sec. 9. (a) The total amount of tax credits that may be allowed under this chapter in a particular calendar year for qualified investment capital provided during that calendar year may not exceed twelve million five hundred thousand dollars (\$12,500,000). The Indiana economic development corporation may not certify a proposed investment plan under section 12.5 of this chapter if the proposed investment would result in the total amount of the tax credits certified for the calendar year exceeding twelve million five hundred thousand dollars (\$12,500,000). An amount of an unused credit carried over by a taxpayer from a previous calendar year may not be considered in determining the amount of proposed investments that the Indiana economic development corporation may certify under this chapter.

(b) Notwithstanding the other provisions of this chapter, a taxpayer is not entitled to a credit for providing qualified investment capital to a qualified Indiana business after December 31, ~~2012~~ **2014**. However, this subsection may not be construed to prevent a taxpayer from carrying over to a taxable year beginning after December 31, ~~2012~~ **2014**, an unused tax credit attributable to an investment occurring before January 1, ~~2013~~ **2015**.

SECTION 69. IC 6-3.1-31-14 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 14. (a) A tax credit may not be awarded under this chapter for making available after December 31, 2011, a health benefit plan.**

(b) Any tax credit previously awarded but not claimed may not be carried over to a taxable year beginning during the period January 1, 2012, through December 31, 2013, and must be carried forward to a taxable year that begins after December 31, 2013, and before January 1, 2016.

SECTION 70. IC 6-3.1-31-15 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 15. This chapter expires January 1, 2020.**

SECTION 71. IC 6-3.1-31.2-11 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 11. (a) A tax credit may not be awarded under this chapter for costs incurred after December 31, 2011.**

(b) Any tax credit previously awarded but not claimed may not be carried over to a taxable year beginning during the period January 1, 2012, through December 31, 2013, and must be carried forward to a taxable year that begins after December 31, 2013, and

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before January 1, 2016.

SECTION 72. IC 6-3.1-31.2-12 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 12. This chapter expires January 1, 2020.**

SECTION 73. IC 6-3.5-1.1-24, AS AMENDED BY P.L.146-2008, SECTION 331, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 24. (a) In a county in which the county adjusted gross income tax is in effect, the county council may, before August 1 of a year, adopt an ordinance to impose or increase (as applicable) a tax rate under this section.

(b) In a county in which neither the county adjusted gross income tax nor the county option income tax is in effect, the county council may, before August 1 of a year, adopt an ordinance to impose a tax rate under this section.

(c) An ordinance adopted under this section takes effect October 1 of the year in which the ordinance is adopted. If a county council adopts an ordinance to impose or increase a tax rate under this section, the county auditor shall send a certified copy of the ordinance to the department and the department of local government finance by certified mail.

(d) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(e) The following apply only in the year in which a county council first imposes a tax rate under this section.

(1) The county council shall, in the ordinance imposing the tax rate, specify the tax rate for each of the following two (2) years.

(2) The tax rate that must be imposed in the county from October 1 of the year in which the tax rate is imposed through September 30 of the following year is equal to the result of:

(A) the tax rate determined for the county under IC 6-3.5-1.5-1(a) in the year in which the tax rate is increased; multiplied by

(B) two (2).

(3) The tax rate that must be imposed in the county from October 1 of the following year through September 30 of the year after the following year is the tax rate determined for the county under IC 6-3.5-1.5-1(b). The tax rate under this subdivision continues in effect in later years unless the tax rate is increased under this section.

(4) The levy limitations in ~~IC 6-1.1-18.5-3(g)~~; ~~IC 6-1.1-18.5-3(h)~~,

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IC 6-1.1-18.5-3(b), IC 6-1.1-18.5-3(c), IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its repeal), and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year and to property taxes first due and payable in the calendar year after the ensuing calendar year.

(f) The following apply only in a year in which a county council increases a tax rate under this section:

- (1) The county council shall, in the ordinance increasing the tax rate, specify the tax rate for the following year.
- (2) The tax rate that must be imposed in the county from October 1 of the year in which the tax rate is increased through September 30 of the following year is equal to the result of:
 - (A) the tax rate determined for the county under IC 6-3.5-1.5-1(a) in that year; plus
 - (B) the tax rate currently in effect in the county under this section.

The tax rate under this subdivision continues in effect in later years unless the tax rate is increased under this section.

(3) The levy limitations in ~~IC 6-1.1-18.5-3(g), IC 6-1.1-18.5-3(h)~~, **IC 6-1.1-18.5-3(b), IC 6-1.1-18.5-3(c)**, IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its repeal), and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year.

(g) The department of local government finance shall determine the following property tax replacement distribution amounts:

STEP ONE: Determine the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) for the county in the preceding year.

STEP TWO: For distribution to each civil taxing unit that in the year had a maximum permissible property tax levy limited under ~~IC 6-1.1-18.5-3(g)~~, **IC 6-1.1-18.5-3(b)**, determine the result of:

- (1) the quotient of:
 - (A) the part of the amount determined under STEP ONE of IC 6-3.5-1.5-1(a) in the preceding year that was attributable to the civil taxing unit; divided by
 - (B) the STEP ONE amount; multiplied by
- (2) the tax revenue received by the county treasurer under this section.

STEP THREE: For distributions in 2009 and thereafter, the result of this STEP is zero (0). For distribution to the county for deposit in the county family and children's fund before 2009, determine the result of:

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- (1) the quotient of:
 - (A) the amount determined under STEP TWO of IC 6-3.5-1.5-1(a) in the preceding year; divided by
 - (B) the STEP ONE amount; multiplied by
- (2) the tax revenue received by the county treasurer under this section.

STEP FOUR: For distributions in 2009 and thereafter, the result of this STEP is zero (0). For distribution to the county for deposit in the county children's psychiatric residential treatment services fund before 2009, determine the result of:

- (1) the quotient of:
 - (A) the amount determined under STEP THREE of IC 6-3.5-1.5-1(a) in the preceding year; divided by
 - (B) the STEP ONE amount; multiplied by
- (2) the tax revenue received by the county treasurer under this section.

STEP FIVE: For distribution to the county for community mental health center purposes, determine the result of:

- (1) the quotient of:
 - (A) the amount determined under STEP FOUR of IC 6-3.5-1.5-1(a) in the preceding year; divided by
 - (B) the STEP ONE amount; multiplied by
- (2) the tax revenue received by the county treasurer under this section.

Except as provided in subsection (m), the county treasurer shall distribute the portion of the certified distribution that is attributable to a tax rate under this section as specified in this section. The county treasurer shall make the distributions under this subsection at the same time that distributions are made to civil taxing units under section 15 of this chapter.

(h) Notwithstanding sections 3.1 and 4 of this chapter, a county council may not decrease or rescind a tax rate imposed under this chapter.

(i) The tax rate under this section shall not be considered for purposes of computing:

- (1) the maximum income tax rate that may be imposed in a county under section 2 of this chapter or any other provision of this chapter; or
- (2) the maximum permissible property tax levy under ~~STEP EIGHT of IC 6-1.1-18.5-3(b)~~; **IC 6-1.1-18.5-3.**

(j) The tax levy under this section shall not be considered for purposes of computing the total county tax levy under

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~~IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5) (before the repeal of those provisions) or for purposes of the credit under IC 6-1.1-20.6.~~

(k) A distribution under this section shall be treated as a part of the receiving civil taxing unit's property tax levy for that year for purposes of fixing the budget of the civil taxing unit and for determining the distribution of taxes that are distributed on the basis of property tax levies.

(l) If a county council imposes a tax rate under this section, the portion of county adjusted gross income tax revenue dedicated to property tax replacement credits under section 11 of this chapter may not be decreased.

(m) In the year following the year in a which a county first imposes a tax rate under this section, one-half (1/2) of the tax revenue that is attributable to the tax rate under this section must be deposited in the county stabilization fund established under subsection (o).

(n) A pledge of county adjusted gross income taxes does not apply to revenue attributable to a tax rate under this section.

(o) A county stabilization fund is established in each county that imposes a tax rate under this section. The county stabilization fund shall be administered by the county auditor. If for a year the certified distributions attributable to a tax rate under this section exceed the amount calculated under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section, the excess shall be deposited in the county stabilization fund. Money shall be distributed from the county stabilization fund in a year by the county auditor to political subdivisions entitled to a distribution of tax revenue attributable to the tax rate under this section if:

(1) the certified distributions attributable to a tax rate under this section are less than the amount calculated under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section for a year; or

(2) the certified distributions attributable to a tax rate under this section in a year are less than the certified distributions attributable to a tax rate under this section in the preceding year.

However, subdivision (2) does not apply to the year following the first year in which certified distributions of revenue attributable to the tax rate under this section are distributed to the county.

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(p) Notwithstanding any other provision, a tax rate imposed under this section may not exceed one percent (1%).

(q) A county council must each year hold at least one (1) public meeting at which the county council discusses whether the tax rate under this section should be imposed or increased.

(r) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

SECTION 74. IC 6-3.5-1.1-25, AS AMENDED BY P.L.146-2008, SECTION 332, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 25. (a) As used in this section, "public safety" refers to the following:

- (1) A police and law enforcement system to preserve public peace and order.
- (2) A firefighting and fire prevention system.
- (3) Emergency ambulance services (as defined in IC 16-18-2-107).
- (4) Emergency medical services (as defined in IC 16-18-2-110).
- (5) Emergency action (as defined in IC 13-11-2-65).
- (6) A probation department of a court.
- (7) Confinement, supervision, services under a community corrections program (as defined in IC 35-38-2.6-2), or other correctional services for a person who has been:
 - (A) diverted before a final hearing or trial under an agreement that is between the county prosecuting attorney and the person or the person's custodian, guardian, or parent and that provides for confinement, supervision, community corrections services, or other correctional services instead of a final action described in clause (B) or (C);
 - (B) convicted of a crime; or
 - (C) adjudicated as a delinquent child or a child in need of services.
- (8) A juvenile detention facility under IC 31-31-8.
- (9) A juvenile detention center under IC 31-31-9.
- (10) A county jail.
- (11) A communications system (as defined in IC 36-8-15-3) or an enhanced emergency telephone system (as defined in IC 36-8-16-2).
- (12) Medical and health expenses for jail inmates and other confined persons.
- (13) Pension payments for any of the following:
 - (A) A member of the fire department (as defined in

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IC 36-8-1-8) or any other employee of a fire department.

(B) A member of the police department (as defined in IC 36-8-1-9), a police chief hired under a waiver under IC 36-8-4-6.5, or any other employee hired by a police department.

(C) A county sheriff or any other member of the office of the county sheriff.

(D) Other personnel employed to provide a service described in this section.

(b) If a county council has imposed a tax rate of at least twenty-five hundredths of one percent (0.25%) under section 24 of this chapter, a tax rate of at least twenty-five hundredths of one percent (0.25%) under section 26 of this chapter, or a total combined tax rate of at least twenty-five hundredths of one percent (0.25%) under sections 24 and 26 of this chapter, the county council may also adopt an ordinance to impose an additional tax rate under this section to provide funding for public safety.

(c) A tax rate under this section may not exceed twenty-five hundredths of one percent (0.25%).

(d) If a county council adopts an ordinance to impose a tax rate under this section, the county auditor shall send a certified copy of the ordinance to the department and the department of local government finance by certified mail.

(e) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(f) Except as provided in subsection (k) **or (l)**, the county auditor shall distribute the portion of the certified distribution that is attributable to a tax rate under this section to the county and to each municipality in the county **that is carrying out or providing at least one (1) of the public safety purposes described in subsection (a)**. The amount that shall be distributed to the county or municipality is equal to the result of:

(1) the portion of the certified distribution that is attributable to a tax rate under this section; multiplied by

(2) a fraction equal to:

(A) the attributed allocation amount (as defined in IC 6-3.5-1.1-15) of the county or municipality for the calendar year; divided by

(B) the sum of the attributed allocation amounts of the county and each municipality in the county **that is entitled to a distribution under this section** for the calendar year.

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The county auditor shall make the distributions required by this subsection not more than thirty (30) days after receiving the portion of the certified distribution that is attributable to a tax rate under this section. Tax revenue distributed to a county or municipality under this subsection must be deposited into a separate account or fund and may be appropriated by the county or municipality only for public safety purposes.

(g) The department of local government finance may not require a county or municipality receiving tax revenue under this section to reduce the county's or municipality's property tax levy for a particular year on account of the county's or municipality's receipt of the tax revenue.

(h) The tax rate under this section and the tax revenue attributable to the tax rate under this section shall not be considered for purposes of computing:

(1) the maximum income tax rate that may be imposed in a county under section 2 of this chapter or any other provision of this chapter;

(2) the maximum permissible property tax levy under ~~STEP EIGHT of IC 6-1.1-18.5-3(b); IC 6-1.1-18.5-3;~~

~~(3) the total county tax levy under IC 6-1.1-21-2(g)(3); IC 6-1.1-21-2(g)(4); or IC 6-1.1-21-2(g)(5) (before the repeal of IC 6-1.1-21); or~~

~~(4) (3) the credit under IC 6-1.1-20.6.~~

(i) The tax rate under this section may be imposed or rescinded at the same time and in the same manner that the county may impose or increase a tax rate under section 24 of this chapter.

(j) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

(k) Two (2) or more political subdivisions that are entitled to receive a distribution under this section may adopt resolutions providing that some part or all of those distributions shall instead be paid to one (1) political subdivision in the county to carry out specific public safety purposes specified in the resolutions.

(l) A fire department, volunteer fire department, or emergency medical services provider that:

(1) provides fire protection or emergency medical services within the county; and

(2) is operated by or serves a political subdivision that is not otherwise entitled to receive a distribution of tax revenue under this section;

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may before July 1 of a year apply to the county council for a distribution of tax revenue under this section during the following calendar year. The county council shall review an application submitted under this subsection and may before September 1 of a year adopt a resolution requiring that one (1) or more of the applicants shall receive a specified amount of the tax revenue to be distributed under this section during the following calendar year. A resolution approved under this subsection providing for a distribution to one (1) or more fire departments, volunteer fire departments, or emergency medical services providers applies only to distributions in the following calendar year. Any amount of tax revenue distributed under this subsection to a fire department, volunteer fire department, or emergency medical services provider shall be distributed before the remainder of the tax revenue is distributed under subsection (f).

SECTION 75. IC 6-3.5-1.1-26, AS AMENDED BY P.L.146-2008, SECTION 333, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)]: Sec. 26. (a) A county council may impose a tax rate under this section to provide property tax relief to ~~political subdivisions~~ taxpayers in the county. A county council is not required to impose any other tax before imposing a tax rate under this section.

(b) A tax rate under this section may be imposed in increments of five hundredths of one percent (0.05%) determined by the county council. A tax rate under this section may not exceed one percent (1%).

(c) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(d) If a county council adopts an ordinance to impose or increase a tax rate under this section, the county auditor shall send a certified copy of the ordinance to the department and the department of local government finance by certified mail.

(e) A tax rate under this section may be imposed, increased, decreased, or rescinded by a county council at the same time and in the same manner that the county council may impose or increase a tax rate under section 24 of this chapter.

(f) Tax revenue attributable to a tax rate under this section may be used for any combination of the following purposes, as specified by ordinance of the county council:

(1) Except as provided in subsection (j), the tax revenue may be used to provide local property tax replacement credits at a uniform rate to all taxpayers in the county. The local property tax

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replacement credits shall be treated for all purposes as property tax levies. The county auditor shall determine the local property tax replacement credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide local property tax replacement credits in that year. A county council may not adopt an ordinance determining that tax revenue shall be used under this subdivision to provide local property tax replacement credits at a uniform rate to all taxpayers in the county unless the county council has done the following:

(A) Made available to the public the county council's best estimate of the amount of property tax replacement credits to be provided under this subdivision to homesteads, other residential property, commercial property, industrial property, and agricultural property.

(B) Adopted a resolution or other statement acknowledging that some taxpayers in the county that do not pay the tax rate under this section will receive a property tax replacement credit that is funded with tax revenue from the tax rate under this section.

(2) The tax revenue may be used to ~~uniformly increase (before January 1, 2009) or uniformly provide (after December 31, 2008)~~ the homestead credit percentage in the county. The homestead credits shall be treated for all purposes as property tax levies. The homestead credits do not reduce the basis for determining ~~the any~~ state homestead credit. ~~under IC 6-1.1-20.9 (before its repeal):~~ 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. ~~The department of local government finance~~ **county auditor** shall determine the homestead credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide homestead credits in that year.

(3) The tax revenue may be used to provide local property tax replacement credits at a uniform rate for all qualified residential property (as defined in IC 6-1.1-20.6-4 before January 1, 2009, and as defined in section 1 of this chapter after December 31, 2008) in the county. The local property tax replacement credits shall be treated for all purposes as property tax levies. The county auditor shall determine the local property tax replacement credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide local

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property tax replacement credits in that year.

(4) This subdivision applies only to Lake County. The Lake County council may adopt an ordinance providing that the tax revenue from the tax rate under this section is used for any of the following:

(A) To reduce all property tax levies imposed by the county by the granting of property tax replacement credits against those property tax levies.

(B) To provide local property tax replacement credits in Lake County in the following manner:

(i) The tax revenue under this section that is collected from taxpayers within a particular municipality in Lake County (as determined by the department based on the department's best estimate) shall be used only to provide a local property tax credit against property taxes imposed by that municipality.

(ii) The tax revenue under this section that is collected from taxpayers within the unincorporated area of Lake County (as determined by the department) shall be used only to provide a local property tax credit against property taxes imposed by the county. The local property tax credit for the unincorporated area of Lake County shall be available only to those taxpayers within the unincorporated area of the county.

(C) To provide property tax credits in the following manner:

(i) Sixty percent (60%) of the tax revenue under this section shall be used as provided in clause (B).

(ii) Forty percent (40%) of the tax revenue under this section shall be used to provide property tax replacement credits against property tax levies of the county and each township and municipality in the county. The percentage of the tax revenue distributed under this item that shall be used as credits against the county's levies or against a particular township's or municipality's levies is equal to the percentage determined by dividing the population of the county, township, or municipality by the sum of the total population of the county, each township in the county, and each municipality in the county.

The Lake County council shall determine whether the credits under clause (A), (B), or (C) shall be provided to homesteads, to all qualified residential property, or to all taxpayers. The department of local government finance, with the assistance of the

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budget agency, shall certify to the county auditor and the fiscal body of the county and each township and municipality in the county the amount of property tax credits under this subdivision. Except as provided in subsection (g), the tax revenue under this section that is used to provide credits under this subdivision shall be treated for all purposes as property tax levies.

The county council may ~~before October 1 of a year~~ adopt an ordinance changing the purposes for which tax revenue attributable to a tax rate under this section shall be used in the following year.

(g) The tax rate under this section and the tax revenue attributable to the tax rate under this section shall not be considered for purposes of computing:

- (1) the maximum income tax rate that may be imposed in a county under section 2 of this chapter or any other provision of this chapter;
- (2) the maximum permissible property tax levy under ~~STEP EIGHT of IC 6-1.1-18.5-3(b);~~ **IC 6-1.1-18.5-3;**
- (3) ~~before January 1, 2009, the total county tax levy under IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5) (before the repeal of those provisions);~~ or
- ~~(4)~~ **(3)** the credit under IC 6-1.1-20.6.

(h) Tax revenue under this section shall be treated as a part of the receiving civil taxing unit's or school corporation's property tax levy for that year for purposes of fixing the budget of the civil taxing unit or school corporation and for determining the distribution of taxes that are distributed on the basis of property tax levies. **To the extent the county auditor determines that there is income tax revenue remaining from the tax under this section after providing the property tax replacement credits, the excess shall be credited to a dedicated county account and may be used only for property tax replacement credits under this section in subsequent years.**

(i) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

(j) A taxpayer that owns an industrial plant located in Jasper County is ineligible for a local property tax replacement credit under this section against the property taxes due on the industrial plant if the assessed value of the industrial plant as of March 1, 2006, exceeds twenty percent (20%) of the total assessed value of all taxable property in the county on that date. The general assembly finds that the provisions of this subsection are necessary because the industrial plant represents such a large percentage of Jasper County's assessed

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valuation.

SECTION 76. IC 6-3.5-6-30, AS AMENDED BY SEA 62-2011, SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 30. (a) In a county in which the county option income tax is in effect, the county income tax council may adopt an ordinance to impose or increase (as applicable) a tax rate under this section.

(b) In a county in which neither the county option adjusted gross income tax nor the county option income tax is in effect, the county income tax council may adopt an ordinance to impose a tax rate under this section.

(c) If a county income tax council adopts an ordinance to impose or increase a tax rate under this section, the county auditor shall send a certified copy of the ordinance to the department and the department of local government finance by certified mail.

(d) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(e) The following apply only in the year in which a county income tax council first imposes a tax rate under this section:

(1) The county income tax council shall, in the ordinance imposing the tax rate, specify the tax rate for each of the following two (2) years.

(2) The tax rate that must be imposed in the county in the first year is equal to the result of:

(A) the tax rate determined for the county under IC 6-3.5-1.5-1(a) in that year; multiplied by

(B) the following:

(i) In a county containing a consolidated city, one and five-tenths (1.5).

(ii) In a county other than a county containing a consolidated city, two (2).

(3) The tax rate that must be imposed in the county in the second year is the tax rate determined for the county under IC 6-3.5-1.5-1(b). The tax rate under this subdivision continues in effect in later years unless the tax rate is increased under this section.

(4) The levy limitations in ~~IC 6-1.1-18.5-3(g)~~; ~~IC 6-1.1-18.5-3(h)~~; **IC 6-1.1-18.5-3(b)**, **IC 6-1.1-18.5-3(c)**, IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its repeal), and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year and to property taxes first due and

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payable in the calendar year after the ensuing calendar year.

(f) The following apply only in a year in which a county income tax council increases a tax rate under this section:

(1) The county income tax council shall, in the ordinance increasing the tax rate, specify the tax rate for the following year.

(2) The tax rate that must be imposed in the county is equal to the result of:

(A) the tax rate determined for the county under IC 6-3.5-1.5-1(a) in the year the tax rate is increased; plus

(B) the tax rate currently in effect in the county under this section.

The tax rate under this subdivision continues in effect in later years unless the tax rate is increased under this section.

(3) The levy limitations in ~~IC 6-1.1-18.5-3(g)~~, ~~IC 6-1.1-18.5-3(h)~~, **IC 6-1.1-18.5-3(b)**, **IC 6-1.1-18.5-3(c)**, IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its repeal), and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year.

(g) The department of local government finance shall determine the following property tax replacement distribution amounts:

STEP ONE: Determine the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) for the county in the preceding year.

STEP TWO: For distribution to each civil taxing unit that in the year had a maximum permissible property tax levy limited under ~~IC 6-1.1-18.5-3(g)~~, **IC 6-1.1-18.5-3(b)**, determine the result of:

(1) the quotient of:

(A) the part of the amount determined under STEP ONE of IC 6-3.5-1.5-1(a) in the preceding year that was attributable to the civil taxing unit; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP THREE: For distributions in 2009 and thereafter, the result of this STEP is zero (0). For distribution to the county for deposit in the county family and children's fund before 2009, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP TWO of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this

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section.

STEP FOUR: For distributions in 2009 and thereafter, the result of this STEP is zero (0). For distribution to the county for deposit in the county children's psychiatric residential treatment services fund before 2009, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP THREE of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP FIVE: For distribution to the county for community mental health center purposes, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP FOUR of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

Except as provided in subsection (m), the county treasurer shall distribute the portion of the certified distribution that is attributable to a tax rate under this section as specified in this section. The county treasurer shall make the distributions under this subsection at the same time that distributions are made to civil taxing units under section 18 of this chapter.

(h) Notwithstanding sections 12 and 12.5 of this chapter, a county income tax council may not decrease or rescind a tax rate imposed under this section.

(i) The tax rate under this section shall not be considered for purposes of computing:

(1) the maximum income tax rate that may be imposed in a county under section 8 or 9 of this chapter or any other provision of this chapter; or

(2) the maximum permissible property tax levy under ~~STEP EIGHT of IC 6-1.1-18.5-3(b)~~; **IC 6-1.1-18.5-3.**

(j) The tax levy under this section shall not be considered for purposes of the credit under IC 6-1.1-20.6.

(k) A distribution under this section shall be treated as a part of the receiving civil taxing unit's property tax levy for that year for purposes of fixing its budget and for determining the distribution of taxes that are distributed on the basis of property tax levies.

(l) If a county income tax council imposes a tax rate under this

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section, the county option income tax rate dedicated to locally funded homestead credits in the county may not be decreased.

(m) In the year following the year in which a county first imposes a tax rate under this section:

(1) one-third ($1/3$) of the tax revenue that is attributable to the tax rate under this section must be deposited in the county stabilization fund established under subsection (o), in the case of a county containing a consolidated city; and

(2) one-half ($1/2$) of the tax revenue that is attributable to the tax rate under this section must be deposited in the county stabilization fund established under subsection (o), in the case of a county not containing a consolidated city.

(n) A pledge of county option income taxes does not apply to revenue attributable to a tax rate under this section.

(o) A county stabilization fund is established in each county that imposes a tax rate under this section. The county stabilization fund shall be administered by the county auditor. If for a year the certified distributions attributable to a tax rate under this section exceed the amount calculated under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section, the excess shall be deposited in the county stabilization fund. Money shall be distributed from the county stabilization fund in a year by the county auditor to political subdivisions entitled to a distribution of tax revenue attributable to the tax rate under this section if:

(1) the certified distributions attributable to a tax rate under this section are less than the amount calculated under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section for a year; or

(2) the certified distributions attributable to a tax rate under this section in a year are less than the certified distributions attributable to a tax rate under this section in the preceding year.

However, subdivision (2) does not apply to the year following the first year in which certified distributions of revenue attributable to the tax rate under this section are distributed to the county.

(p) Notwithstanding any other provision, a tax rate imposed under this section may not exceed one percent (1%).

(q) A county income tax council must each year hold at least one (1) public meeting at which the county council discusses whether the tax

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rate under this section should be imposed or increased.

(r) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

(s) Notwithstanding any other provision, in Lake County the county council (and not the county income tax council) is the entity authorized to take actions concerning the additional tax rate under this section.

SECTION 77. IC 6-3.5-6-31, AS AMENDED BY P.L.146-2008, SECTION 342, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 31. (a) As used in this section, "public safety" refers to the following:

- (1) A police and law enforcement system to preserve public peace and order.
- (2) A firefighting and fire prevention system.
- (3) Emergency ambulance services (as defined in IC 16-18-2-107).
- (4) Emergency medical services (as defined in IC 16-18-2-110).
- (5) Emergency action (as defined in IC 13-11-2-65).
- (6) A probation department of a court.
- (7) Confinement, supervision, services under a community corrections program (as defined in IC 35-38-2.6-2), or other correctional services for a person who has been:
 - (A) diverted before a final hearing or trial under an agreement that is between the county prosecuting attorney and the person or the person's custodian, guardian, or parent and that provides for confinement, supervision, community corrections services, or other correctional services instead of a final action described in clause (B) or (C);
 - (B) convicted of a crime; or
 - (C) adjudicated as a delinquent child or a child in need of services.
- (8) A juvenile detention facility under IC 31-31-8.
- (9) A juvenile detention center under IC 31-31-9.
- (10) A county jail.
- (11) A communications system (as defined in IC 36-8-15-3) or an enhanced emergency telephone system (as defined in IC 36-8-16-2).
- (12) Medical and health expenses for jail inmates and other confined persons.
- (13) Pension payments for any of the following:
 - (A) A member of the fire department (as defined in IC 36-8-1-8) or any other employee of a fire department.

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(B) A member of the police department (as defined in IC 36-8-1-9), a police chief hired under a waiver under IC 36-8-4-6.5, or any other employee hired by a police department.

(C) A county sheriff or any other member of the office of the county sheriff.

(D) Other personnel employed to provide a service described in this section.

(b) The county income tax council may adopt an ordinance to impose an additional tax rate under this section to provide funding for public safety if:

(1) the county income tax council has imposed a tax rate under section 30 of this chapter, in the case of a county containing a consolidated city; or

(2) the county income tax council has imposed a tax rate of at least twenty-five hundredths of one percent (0.25%) under section 30 of this chapter, a tax rate of at least twenty-five hundredths of one percent (0.25%) under section 32 of this chapter, or a total combined tax rate of at least twenty-five hundredths of one percent (0.25%) under sections 30 and 32 of this chapter, in the case of a county other than a county containing a consolidated city.

(c) A tax rate under this section may not exceed the following:

(1) Five-tenths of one percent (0.5%), in the case of a county containing a consolidated city.

(2) Twenty-five hundredths of one percent (0.25%), in the case of a county other than a county containing a consolidated city.

(d) If a county income tax council adopts an ordinance to impose a tax rate under this section, the county auditor shall send a certified copy of the ordinance to the department and the department of local government finance by certified mail.

(e) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(f) Except as provided in ~~subsection~~ **subsections (l) and (m)**, the county auditor shall distribute the portion of the certified distribution that is attributable to a tax rate under this section to the county and to each municipality in the county **that is carrying out or providing at least one (1) of the public safety purposes described in subsection (a)**. The amount that shall be distributed to the county or municipality is equal to the result of:

(1) the portion of the certified distribution that is attributable to a

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tax rate under this section; multiplied by

(2) a fraction equal to:

(A) the total property taxes being collected in the county by the county or municipality for the calendar year; divided by

(B) the sum of the total property taxes being collected in the county by the county and each municipality in the county **that is entitled to a distribution under this section** for the calendar year.

The county auditor shall make the distributions required by this subsection not more than thirty (30) days after receiving the portion of the certified distribution that is attributable to a tax rate under this section. Tax revenue distributed to a county or municipality under this subsection must be deposited into a separate account or fund and may be appropriated by the county or municipality only for public safety purposes.

(g) The department of local government finance may not require a county or municipality receiving tax revenue under this section to reduce the county's or municipality's property tax levy for a particular year on account of the county's or municipality's receipt of the tax revenue.

(h) The tax rate under this section and the tax revenue attributable to the tax rate under this section shall not be considered for purposes of computing:

(1) the maximum income tax rate that may be imposed in a county under section 8 or 9 of this chapter or any other provision of this chapter;

(2) the maximum permissible property tax levy under ~~STEP EIGHT of IC 6-1.1-18.5-3(b); IC 6-1.1-18.5-3;~~

~~(3) the total county tax levy under IC 6-1.1-21-2(g)(3); IC 6-1.1-21-2(g)(4); or IC 6-1.1-21-2(g)(5) (before the repeal of IC 6-1.1-21); or~~

~~(4) (3) the credit under IC 6-1.1-20.6.~~

(i) The tax rate under this section may be imposed or rescinded at the same time and in the same manner that the county may impose or increase a tax rate under section 30 of this chapter.

(j) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

(k) Notwithstanding any other provision, in Lake County the county council (and not the county income tax council) is the entity authorized to take actions concerning the additional tax rate under this section.

(l) Two (2) or more political subdivisions that are entitled to receive

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a distribution under this section may adopt resolutions providing that some part or all of those distributions shall instead be paid to one (1) political subdivision in the county to carry out specific public safety purposes specified in the resolutions.

(m) A fire department, volunteer fire department, or emergency medical services provider that:

- (1) provides fire protection or emergency medical services within the county; and**
- (2) is operated by or serves a political subdivision that is not otherwise entitled to receive a distribution of tax revenue under this section;**

may before July 1 of a year apply to the county income tax council for a distribution of tax revenue under this section during the following calendar year. The county income tax council shall review an application submitted under this subsection and may before September 1 of a year adopt a resolution requiring that one (1) or more of the applicants shall receive a specified amount of the tax revenue to be distributed under this section during the following calendar year. A resolution approved under this subsection providing for a distribution to one (1) or more fire departments, volunteer fire departments, or emergency services providers applies only to distributions in the following calendar year. Any amount of tax revenue distributed under this subsection to a fire department, volunteer fire department, or emergency medical services provider shall be distributed before the remainder of the tax revenue is distributed under subsection (f).

SECTION 78. IC 6-3.5-6-32, AS AMENDED BY P.L.113-2010, SECTION 65, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE OCTOBER 1, 2011]: Sec. 32. (a) A county income tax council may impose a tax rate under this section to provide property tax relief to taxpayers in the county. A county income tax council is not required to impose any other tax before imposing a tax rate under this section.

(b) A tax rate under this section may be imposed in increments of five-hundredths of one percent (0.05%) determined by the county income tax council. A tax rate under this section may not exceed one percent (1%).

(c) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(d) If a county income tax council adopts an ordinance to impose or increase a tax rate under this section, the county auditor shall send a certified copy of the ordinance to the department, **the budget agency,**

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and the department of local government finance by certified mail.

(e) A tax rate under this section may be imposed, increased, decreased, or rescinded at the same time and in the same manner that the county income tax council may impose or increase a tax rate under section 30 of this chapter.

(f) Tax revenue attributable to a tax rate under this section may be used for any combination of the following purposes, as specified by ordinance of the county income tax council:

(1) The tax revenue may be used to provide local property tax replacement credits at a uniform rate to all taxpayers in the county. The local property tax replacement credits shall be treated for all purposes as property tax levies. The county auditor shall determine the local property tax replacement credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide local property tax replacement credits in that year. A county income tax council may not adopt an ordinance determining that tax revenue shall be used under this subdivision to provide local property tax replacement credits at a uniform rate to all taxpayers in the county unless the county council has done the following:

(A) Made available to the public the county council's best estimate of the amount of property tax replacement credits to be provided under this subdivision to homesteads, other residential property, commercial property, industrial property, and agricultural property.

(B) Adopted a resolution or other statement acknowledging that some taxpayers in the county that do not pay the tax rate under this section will receive a property tax replacement credit that is funded with tax revenue from the tax rate under this section.

(2) The tax revenue may be used to uniformly increase (before January 1, 2011) or uniformly provide (after December 31, 2010) the homestead credit percentage in the county. The homestead credits shall be treated for all purposes as property tax levies. The homestead credits do not reduce the basis for determining any state homestead credit. 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. The county auditor shall determine the homestead credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide homestead credits in

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that year.

(3) The tax revenue may be used to provide local property tax replacement credits at a uniform rate for all qualified residential property (as defined in IC 6-1.1-20.6-4 before January 1, 2009, and as defined in section 1 of this chapter after December 31, 2008) in the county. The local property tax replacement credits shall be treated for all purposes as property tax levies. The county auditor shall determine the local property tax replacement credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide local property tax replacement credits in that year.

(4) This subdivision applies only to Lake County. The Lake County council may adopt an ordinance providing that the tax revenue from the tax rate under this section is used for any of the following:

(A) To reduce all property tax levies imposed by the county by the granting of property tax replacement credits against those property tax levies.

(B) To provide local property tax replacement credits in Lake County in the following manner:

(i) The tax revenue under this section that is collected from taxpayers within a particular municipality in Lake County (as determined by the department based on the department's best estimate) shall be used only to provide a local property tax credit against property taxes imposed by that municipality.

(ii) The tax revenue under this section that is collected from taxpayers within the unincorporated area of Lake County (as determined by the department) shall be used only to provide a local property tax credit against property taxes imposed by the county. The local property tax credit for the unincorporated area of Lake County shall be available only to those taxpayers within the unincorporated area of the county.

(C) To provide property tax credits in the following manner:

(i) Sixty percent (60%) of the tax revenue under this section shall be used as provided in clause (B).

(ii) Forty percent (40%) of the tax revenue under this section shall be used to provide property tax replacement credits against property tax levies of the county and each township and municipality in the county. The percentage of the tax revenue distributed under this item that shall be used as

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credits against the county's levies or against a particular township's or municipality's levies is equal to the percentage determined by dividing the population of the county, township, or municipality by the sum of the total population of the county, each township in the county, and each municipality in the county.

The Lake County council shall determine whether the credits under clause (A), (B), or (C) shall be provided to homesteads, to all qualified residential property, or to all taxpayers. The department of local government finance, with the assistance of the budget agency, shall certify to the county auditor and the fiscal body of the county and each township and municipality in the county the amount of property tax credits under this subdivision. Except as provided in subsection (g), the tax revenue under this section that is used to provide credits under this subdivision shall be treated for all purposes as property tax levies.

The county income tax council may adopt an ordinance changing the purposes for which tax revenue attributable to a tax rate under this section shall be used in the following year.

(g) The tax rate under this section shall not be considered for purposes of computing:

- (1) the maximum income tax rate that may be imposed in a county under section 8 or 9 of this chapter or any other provision of this chapter;
- (2) the maximum permissible property tax levy under ~~STEP EIGHT of IC 6-1.1-18.5-3(b)~~; **IC 6-1.1-18.5-3**; or
- (3) the credit under IC 6-1.1-20.6.

(h) Tax revenue under this section shall be treated as a part of the receiving civil taxing unit's or school corporation's property tax levy for that year for purposes of fixing the budget of the civil taxing unit or school corporation and for determining the distribution of taxes that are distributed on the basis of property tax levies. To the extent the county auditor determines that there is income tax revenue remaining from the tax under this section after providing the property tax replacement, the excess shall be credited to a dedicated county account and may be used only for property tax replacement under this section in subsequent years.

(i) The department of local government finance, and the department of state revenue may take any actions necessary to carry out the purposes of this section.

(j) Notwithstanding any other provision, in Lake County the county council (and not the county income tax council) is the entity authorized

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to take actions concerning the tax rate under this section.

SECTION 79. IC 6-3.5-7-28, AS AMENDED BY SEA 62-2011, SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 28. (a) This section applies only to a county that is a member of a regional development authority under IC 36-7.6.

(b) In addition to the rates permitted by section 5 of this chapter, the entity that imposed the county economic development income tax under section 5 of this chapter (or, in the case of a county that has not imposed the county economic development income tax, the entity that may impose the county economic development income tax under section 5(a)(3) of this chapter) may by ordinance impose an additional county economic development income tax at a rate of:

(1) in the case of a county described in IC 36-7.6-4-2(b)(2), twenty-five thousandths of one percent (0.025%); or

(2) in the case of any other county to which this section applies, five-hundredths of one percent (0.05%);

on the adjusted gross income of county taxpayers.

(c) If an additional county economic development income tax is imposed under this section, the county treasurer shall establish a county regional development authority fund. Notwithstanding any other provision of this chapter, the county economic development income tax revenues derived from the additional county economic development income tax imposed under this section must be deposited in the county regional development authority fund before any certified distributions are made under section 12 of this chapter.

(d) County economic development income tax revenues derived from the additional county economic development income tax imposed under this section and deposited in the county regional development authority fund:

(1) shall, not more than thirty (30) days after being deposited in the county regional development authority fund, be transferred as provided in IC 36-7.6-4-2 to the development fund of the regional development authority for which the county is a member; and

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

(e) Notwithstanding sections 5 and 6 of this chapter, if a county becomes a member of a regional development authority under IC 36-7.6 and imposes an additional county economic development income tax under this section before July 1 of a year, then, notwithstanding section 11 or any other provision of this chapter, the initial certified distribution of the tax revenue that results from the

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additional tax shall be distributed to the county treasurer from the account established for the county under this chapter according to the following schedule during the eighteen (18) month period beginning on July 1 of the year in which the county adopts the ordinance to impose the additional tax:

- (1) One-fourth (1/4) on October 1 of the year in which the ordinance to impose the additional tax is adopted.
- (2) One-fourth (1/4) on January 1 of the calendar year following the year in which the ordinance to impose the additional tax is adopted.
- (3) One-fourth (1/4) on May 1 of the calendar year following the year in which the ordinance to impose the additional tax is adopted.
- (4) One-fourth (1/4) on November 1 of the calendar year following the year in which the ordinance to impose the additional tax is adopted.

SECTION 80. IC 6-5.5-1-2, AS AMENDED BY P.L.182-2009(ss), SECTION 233, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 2. (a) Except as provided in subsections (b) through (d), "adjusted gross income" means taxable income as defined in Section 63 of the Internal Revenue Code, adjusted as follows:

- (1) Add the following amounts:
 - (A) An amount equal to a deduction allowed or allowable under Section 166, Section 585, or Section 593 of the Internal Revenue Code.
 - (B) An amount equal to a deduction allowed or allowable under Section 170 of the Internal Revenue Code.
 - (C) An amount equal to a deduction or deductions allowed or allowable under Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by a state of the United States or levied at the local level by any subdivision of a state of the United States.
 - (D) The amount of interest excluded under Section 103 of the Internal Revenue Code or under any other federal law, minus the associated expenses disallowed in the computation of taxable income under Section 265 of the Internal Revenue Code.
 - (E) An amount equal to the deduction allowed under Section 172 or 1212 of the Internal Revenue Code for net operating losses or net capital losses.
 - (F) For a taxpayer that is not a large bank (as defined in

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Section 585(c)(2) of the Internal Revenue Code), an amount equal to the recovery of a debt, or part of a debt, that becomes worthless to the extent a deduction was allowed from gross income in a prior taxable year under Section 166(a) of the Internal Revenue Code.

(G) Add the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(H) Add the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(I) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(J) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(K) Add the amount necessary to make the adjusted gross

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income of any taxpayer that placed qualified restaurant property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(L) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified retail improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(ix) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(M) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that claimed the special allowance for qualified disaster assistance property under Section 168(n) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the special allowance not been claimed for the property.

(N) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 179C of the Internal Revenue Code to expense costs for qualified refinery property equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(O) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 181 of the Internal Revenue Code to expense costs for a qualified film or television production equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(P) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that treated a loss from the sale or exchange of preferred stock in:

- (i) the Federal National Mortgage Association, established under the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.); or
- (ii) the Federal Home Loan Mortgage Corporation,

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established under the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 et seq.); as an ordinary loss under Section 301 of the Emergency Economic Stabilization Act of 2008 in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had the loss not been treated as an ordinary loss.

(Q) Add an amount equal to any exempt insurance income under Section 953(e) of the Internal Revenue Code for active financing income under Subpart F, Subtitle A, Chapter 1, Subchapter N of the Internal Revenue Code.

(2) Subtract the following amounts:

(A) Income that the United States Constitution or any statute of the United States prohibits from being used to measure the tax imposed by this chapter.

(B) Income that is derived from sources outside the United States, as defined by the Internal Revenue Code.

(C) An amount equal to a debt or part of a debt that becomes worthless, as permitted under Section 166(a) of the Internal Revenue Code.

(D) An amount equal to any bad debt reserves that are included in federal income because of accounting method changes required by Section 585(c)(3)(A) or Section 593 of the Internal Revenue Code.

(E) The amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation.

(F) The amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(G) Income that is:

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- (i) exempt from taxation under IC 6-3-2-21.7; and
- (ii) included in the taxpayer's taxable income under the Internal Revenue Code.

(b) In the case of a credit union, "adjusted gross income" for a taxable year means the total transfers to undivided earnings minus dividends for that taxable year after statutory reserves are set aside under IC 28-7-1-24.

(c) In the case of an investment company, "adjusted gross income" means the company's federal taxable income **plus the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011,** multiplied by the quotient of:

- (1) the aggregate of the gross payments collected by the company during the taxable year from old and new business upon investment contracts issued by the company and held by residents of Indiana; divided by
- (2) the total amount of gross payments collected during the taxable year by the company from the business upon investment contracts issued by the company and held by persons residing within Indiana and elsewhere.

(d) As used in subsection (c), "investment company" means a person, copartnership, association, limited liability company, or corporation, whether domestic or foreign, that:

- (1) is registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.); and
- (2) solicits or receives a payment to be made to itself and issues in exchange for the payment:
 - (A) a so-called bond;
 - (B) a share;
 - (C) a coupon;
 - (D) a certificate of membership;
 - (E) an agreement;
 - (F) a pretended agreement; or
 - (G) other evidences of obligation;

entitling the holder to anything of value at some future date, if the gross payments received by the company during the taxable year on outstanding investment contracts, plus interest and dividends earned on those contracts (by prorating the interest and dividends earned on investment contracts by the same proportion that certificate reserves (as defined by the Investment Company Act

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of 1940) is to the company's total assets) is at least fifty percent (50%) of the company's gross payments upon investment contracts plus gross income from all other sources except dividends from subsidiaries for the taxable year. The term "investment contract" means an instrument listed in clauses (A) through (G).

SECTION 81. IC 6-7-2-2.1 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JANUARY 1, 2012]: **Sec. 2.1. As used in this chapter, "moist snuff" means any finely cut, ground, or powdered tobacco that is not intended to be:**

- (1) smoked; or**
- (2) placed in the nasal cavity.**

SECTION 82. IC 6-7-2-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 5. As used in this chapter, "tobacco product" means:

- (1) any product made from tobacco, other than a cigarette (as defined in IC 6-7-1-2), that is made for smoking, chewing, or both; or
- (2) snuff, including moist snuff.**

SECTION 83. IC 6-7-2-7, AS AMENDED BY P.L.234-2007, SECTION 201, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 7. **(a)** A tax is imposed on the distribution of tobacco products in Indiana at the rate of:

- (1) twenty-four percent (24%) of the wholesale price of the tobacco products other than moist snuff; or**
- (2) for moist snuff, forty cents (\$0.40) per ounce, and a proportionate tax at the same rate on all fractional parts of an ounce. If the tax calculated for a fractional part of an ounce carried to the third decimal place results in the numeral in the third decimal place being greater than four (4), the amount of the tax shall be rounded to the next additional cent.**

(b) The distributor of the tobacco products is liable for the tax imposed under subsection (a). The tax is imposed at the time the distributor:

- (1) brings or causes tobacco products to be brought into Indiana for distribution;
- (2) manufactures tobacco products in Indiana for distribution; or
- (3) transports tobacco products to retail dealers in Indiana for resale by those retail dealers.

(c) The Indiana general assembly finds that the tax rate on smokeless tobacco should reflect the relative risk between such

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products and cigarettes.

SECTION 84. IC 6-7-2-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 12. ~~(a)~~ Before the fifteenth day of each month, each distributor liable for the tax imposed by this chapter shall:

- (1) file a return with the department that includes all information required by the department including, but not limited to:
 - (A) name of distributor;
 - (B) address of distributor;
 - (C) license number of distributor;
 - (D) invoice date;
 - (E) invoice number;
 - (F) name and address of person from whom tobacco products were purchased or name and address of person to whom tobacco products were sold; ~~and~~
 - (G) **the wholesale price for tobacco products other than moist snuff; and**
 - (H) **for moist snuff, the weight of the moist snuff; and**
- (2) pay the tax for which it is liable under this chapter for the preceding month minus the amount specified in section 13 of this chapter.

SECTION 85. IC 6-8-5-1, AS AMENDED BY P.L.2-2007, SECTION 128, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 1. (a) All bonds issued after March 11, 1959, or notes, warrants, or other evidences of indebtedness issued in the state of Indiana by or in the name of any **Indiana** county, township, city, incorporated town, school corporation, state educational institution, or any other **Indiana** political, municipal, public or quasi-public corporation or body, or in the name of any special assessment or taxing district or in the name of any authorized body of any such corporation or district, the interest thereon, the proceeds received by a holder from the sale of such obligations to the extent of the holder's cost of acquisition, or proceeds received upon redemption prior to maturity, or proceeds received at maturity, and the receipt of such interest and proceeds, shall be exempt from taxation in the state of Indiana for all purposes except a state inheritance tax imposed under IC 6-4.1.

(b) All bonds issued after March 11, 1933, and before March 12, 1959, by any municipality in this state under the provisions of any statute whereby the terms thereof provide for the payment of such bonds out of the funds derived from the revenues of any municipally owned utility or which are to be paid by pledging the physical property

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of any such municipally owned utility, or any bonds issued pledging both the physical property and the revenues of such utility, or any bonds issued for additions to or improvements to be made to such municipally owned utility, or any bonds issued by any municipality to be paid out of taxes levied by such municipality for the acquiring, purchase, construction, or the reconstruction of a utility, or any part thereof, shall be exempt from taxation for all purposes except a state inheritance tax imposed under IC 6-4.1.

(c) This section does not apply to measuring the franchise tax imposed on the privilege of transacting the business of a financial institution in Indiana under IC 6-5.5.

(d) No other statute exempting interest paid on debt obligations of:

- (1) a state or local public entity, including an agency, a government corporation, or an authority; or
- (2) a corporation or other entity leasing real or personal property to an entity described in subdivision (1);

applies to measuring of the franchise tax imposed on financial institutions under IC 6-5.5.

SECTION 86. IC 6-8.1-5-1, AS AMENDED BY P.L.1-2007, SECTION 67, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)]: Sec. 1. (a) As used in this section, "letter of findings" includes a supplemental letter of findings.

(b) If the department reasonably believes that a person has not reported the proper amount of tax due, the department shall make a proposed assessment of the amount of the unpaid tax on the basis of the best information available to the department. The amount of the assessment is considered a tax payment not made by the due date and is subject to IC 6-8.1-10 concerning the imposition of penalties and interest. The department shall send the person a notice of the proposed assessment through the United States mail.

(c) If the person has a surety bond guaranteeing payment of the tax for which the proposed assessment is made, the department shall furnish a copy of the proposed assessment to the surety. The notice of proposed assessment is prima facie evidence that the department's claim for the unpaid tax is valid. The burden of proving that the proposed assessment is wrong rests with the person against whom the proposed assessment is made.

(d) The notice shall state that the person has forty-five (45) days from the date the notice is mailed, **if the notice was mailed before January 1, 2011, and sixty (60) days from the date the notice is mailed, if the notice was mailed after December 31, 2010**, to pay the assessment or to file a written protest. If the person files a protest and

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requires a hearing on the protest, the department shall:

- (1) set the hearing at the department's earliest convenient time; and
- (2) notify the person by United States mail of the time, date, and location of the hearing.

(e) The department may hold the hearing at the location of its choice within Indiana if that location complies with IC 6-8.1-3-8.5.

(f) No later than sixty (60) days after conducting a hearing on a protest, or after making a decision on a protest when no hearing is requested, the department shall issue a letter of findings and shall send a copy of the letter through the United States mail to the person who filed the protest and to the person's surety, if the surety was notified of the proposed assessment under subsection (b). The department may continue the hearing until a later date if the taxpayer presents additional information at the hearing or the taxpayer requests an opportunity to present additional information after the hearing.

(g) A person that disagrees with a decision in a letter of findings may request a rehearing not more than thirty (30) days after the date on which the letter of findings is issued by the department. The department shall consider the request and may grant the rehearing if the department reasonably believes that a rehearing would be in the best interests of the taxpayer and the state.

(h) If a person disagrees with a decision in a letter of findings, the person may appeal the decision to the tax court. However, the tax court does not have jurisdiction to hear an appeal that is filed more than sixty (60) days after the date on which:

- (1) the letter of findings is issued by the department, if the person does not make a timely request for a rehearing under subsection (g) on the letter of findings; or
- (2) the department issues a denial of the person's timely request for a rehearing under subsection (g) on the letter of findings.

(i) The tax court shall hear an appeal under subsection (h) de novo and without a jury. The tax court may do the following:

- (1) Uphold or deny any part of the assessment that is appealed.
- (2) Assess the court costs in a manner that the court believes to be equitable.
- (3) Enjoin the collection of a listed tax under IC 33-26-6-2.

(j) The department shall demand payment, as provided in IC 6-8.1-8-2(a), of any part of the proposed tax assessment, interest, and penalties that it finds owing because:

- (1) the person failed to properly respond within the forty-five (45) day period;

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(2) the person requested a hearing but failed to appear at that hearing; or

(3) after consideration of the evidence presented in the protest or hearing, the department finds that the person still owes tax.

(k) The department shall make the demand for payment in the manner provided in IC 6-8.1-8-2.

(l) Subsection (b) does not apply to a motor carrier fuel tax return.

SECTION 87. IC 6-8.1-8-2, AS AMENDED BY P.L.111-2006, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) Except as provided in IC 6-8.1-5-3 **and section 16 of this chapter**, the department must issue a demand notice for the payment of a tax and any interest or penalties accrued on the tax, if a person files a tax return without including full payment of the tax or if the department, after ruling on a protest, finds that a person owes the tax before the department issues a tax warrant. The demand notice must state the following:

(1) That the person has ten (10) days from the date the department mails the notice to either pay the amount demanded or show reasonable cause for not paying the amount demanded.

(2) The statutory authority of the department for the issuance of a tax warrant.

(3) The earliest date on which a tax warrant may be filed and recorded.

(4) The statutory authority for the department to levy against a person's property that is held by a financial institution.

(5) The remedies available to the taxpayer to prevent the filing and recording of the judgment.

If the department files a tax warrant in more than one (1) county, the department is not required to issue more than one (1) demand notice.

(b) If the person does not pay the amount demanded or show reasonable cause for not paying the amount demanded within the ten (10) day period, the department may issue a tax warrant for the amount of the tax, interest, penalties, collection fee, sheriff's costs, clerk's costs, and fees established under section 4(b) of this chapter when applicable. When the department issues a tax warrant, a collection fee of ten percent (10%) of the unpaid tax is added to the total amount due.

(c) When the department issues a tax warrant, it may not file the warrant with the circuit court clerk of any county in which the person owns property until at least twenty (20) days after the date the demand notice was mailed to the taxpayer. The department may also send the warrant to the sheriff of any county in which the person owns property and direct the sheriff to file the warrant with the circuit court clerk:

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- (1) at least twenty (20) days after the date the demand notice was mailed to the taxpayer; and
- (2) no later than five (5) days after the date the department issues the warrant.

(d) When the circuit court clerk receives a tax warrant from the department or the sheriff, the clerk shall record the warrant by making an entry in the judgment debtor's column of the judgment record, listing the following:

- (1) The name of the person owing the tax.
- (2) The amount of the tax, interest, penalties, collection fee, sheriff's costs, clerk's costs, and fees established under section 4(b) of this chapter when applicable.
- (3) The date the warrant was filed with the clerk.

(e) When the entry is made, the total amount of the tax warrant becomes a judgment against the person owing the tax. The judgment creates a lien in favor of the state that attaches to all the person's interest in any:

- (1) chose in action in the county; and
- (2) real or personal property in the county;

excepting only negotiable instruments not yet due.

(f) A judgment obtained under this section is valid for ten (10) years from the date the judgment is filed. The department may renew the judgment for additional ten (10) year periods by filing an alias tax warrant with the circuit court clerk of the county in which the judgment previously existed.

(g) A judgment arising from a tax warrant in a county may be released by the department:

- (1) after the judgment, including all accrued interest to the date of payment, has been fully satisfied; or
- (2) if the department determines that the tax assessment or the issuance of the tax warrant was in error.

(h) If the department determines that the filing of a tax warrant was in error, the department shall mail a release of the judgment to the taxpayer and the circuit court clerk of each county where the warrant was filed. **The circuit court clerk of each county where the warrant was filed shall expunge the warrant from the judgment debtor's column of the judgment record.** The department shall mail the release **and the order for the warrant to be expunged** as soon as possible but no later than seven (7) days after:

- (1) the determination by the department that the filing of the warrant was in error; and
- (2) the receipt of information by the department that the judgment

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has been recorded under subsection (d).

(i) If the department determines that a judgment described in subsection (h) is obstructing a lawful transaction, the department shall **immediately upon making the determination** mail a release of the judgment to the taxpayer and **an order requiring** the circuit court clerk of each county where the judgment was filed ~~immediately upon making the determination:~~ **to expunge the warrant.**

(j) A release issued under subsection (h) or (i) must state that the filing of the tax warrant was in error. Upon the request of the taxpayer, the department shall mail a copy of a release **and the order for the warrant to be expunged** issued under subsection (h) or (i) to each major credit reporting company located in each county where the judgment was filed.

(k) The commissioner shall notify each state agency or officer supplied with a tax warrant list of the issuance of a release under subsection (h) or (i).

(l) If the sheriff collects the full amount of a tax warrant, the sheriff shall disburse the money collected in the manner provided in section 3(c) of this chapter. If a judgment has been partially or fully satisfied by a person's surety, the surety becomes subrogated to the department's rights under the judgment. If a sheriff releases a judgment:

- (1) before the judgment is fully satisfied;
 - (2) before the sheriff has properly disbursed the amount collected;
- or

(3) after the sheriff has returned the tax warrant to the department; the sheriff commits a Class B misdemeanor and is personally liable for the part of the judgment not remitted to the department.

SECTION 88. IC 6-8.1-8-16 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE UPON PASSAGE]: **Sec. 16. (a) This section applies without an injunction from the tax court to any assessment that is made or pending after April 30, 2011.**

(b) Except as provided in IC 6-8.1-5-3, no demand notice, warrant, levy, or proceeding in court for the collection of a protested listed tax or any penalties and interest on a listed tax may be issued, commenced, or conducted against a taxpayer and no lien on the taxpayer's property may be imposed until after the later of the following:

- (1) The expiration of the period in which the taxpayer may appeal the listed tax to the tax court.**
- (2) A decision of the tax court concerning the listed tax becomes final, if the taxpayer filed a timely appeal.**

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SECTION 89. IC 6-8.1-9-1, AS AMENDED BY P.L.182-2009(ss), SECTION 256, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) If a person has paid more tax than the person determines is legally due for a particular taxable period, the person may file a claim for a refund with the department. Except as provided in subsections (f), ~~and (g)~~, **and (h)**, in order to obtain the refund, the person must file the claim with the department within three (3) years after the latter of the following:

- (1) The due date of the return.
- (2) The date of payment.

For purposes of this section, the due date for a return filed for the state gross retail or use tax, the gasoline tax, the special fuel tax, the motor carrier fuel tax, the oil inspection fee, or the petroleum severance tax is the end of the calendar year which contains the taxable period for which the return is filed. The claim must set forth the amount of the refund to which the person is entitled and the reasons that the person is entitled to the refund.

~~(b) When the department receives a claim for refund, the department shall consider the claim for refund and shall, if the taxpayer requests, hold a hearing on the claim for refund to obtain and consider additional evidence.~~ After considering the claim and all evidence relevant to the claim, the department shall issue a decision on the claim, stating the part, if any, of the refund allowed and containing a statement of the reasons for any part of the refund that is denied. The department shall mail a copy of the decision to the person who filed the claim. **If the person disagrees with a part of the decision, the person may file a protest and request a hearing with the department. The department shall mail a copy of the decision to the person who filed the protest.** If the department allows the full amount of the refund claim, a warrant for the payment of the claim is sufficient notice of the decision.

(c) If the person disagrees with any part of the department's decision, the person may appeal the decision, regardless of whether or not the person protested the tax payment or whether or not the person has accepted a refund. The person must file the appeal with the tax court. The tax court does not have jurisdiction to hear a refund appeal suit, if:

- (1) the appeal is filed more than three (3) years after the date the claim for refund was filed with the department;
- (2) the appeal is filed more than ninety (90) days after **the later of** the date the department mails:
 - (A) the decision of denial **of the claim** to the person; or

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(B) the decision made on the protest filed under subsection (b); or

(3) the appeal is filed both before the decision is issued and before the one hundred eighty-first day after the date the person files the claim for refund with the department.

(d) The tax court shall hear the appeal de novo and without a jury, and after the hearing may order or deny any part of the appealed refund. The court may assess the court costs in any manner that it feels is equitable. The court may enjoin the collection of any of the listed taxes under IC 33-26-6-2. The court may also allow a refund of taxes, interest, and penalties that have been paid to and collected by the department.

(e) With respect to the motor vehicle excise tax, this section applies only to penalties and interest paid on assessments of the motor vehicle excise tax. Any other overpayment of the motor vehicle excise tax is subject to IC 6-6-5.

(f) If a taxpayer's federal income tax liability for a taxable year is modified by the Internal Revenue Service, and the modification would result in a reduction of the tax legally due, the due date by which the taxpayer must file a claim for refund with the department is the later of:

- (1) the date determined under subsection (a); or
- (2) the date that is ~~six (6) months~~ **one hundred eighty (180) days** after the date on which the taxpayer is notified of the modification by the Internal Revenue Service.

(g) If an agreement to extend the assessment time period is entered into under IC 6-8.1-5-2(h), the period during which a person may file a claim for a refund under subsection (a) is extended to the same date to which the assessment time period is extended.

(h) If a taxpayer's claim for a refund of gross retail or use tax is based on:

- (1) IC 6-2.5-4-5(c)(3); or**
 - (2) the exemption provided by IC 6-2.5-5-5.1 for electrical energy, natural or artificial gas, water, steam, and steam heat;**
- the person must file the claim with the department within eighteen (18) months after the date of payment.**

SECTION 90. IC 6-9-2-1, AS AMENDED BY P.L.2-2007, SECTION 130, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) A county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000) that establishes a medical center development agency pursuant to IC 16-23.5-2 may levy each year a tax on every person engaged in the business of renting or furnishing, for

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periods of less than thirty (30) days **by the same party in the same room**, any room or rooms, lodgings, or accommodations, in any hotel, motel, inn, tourist camp, tourist cabin, or any other place in which rooms, lodgings, or accommodations are regularly furnished for a consideration.

(b) Such tax shall be at a rate of five percent (5%) on the gross retail income derived therefrom and ~~shall be~~ **is** in addition to the state gross retail tax imposed on ~~such persons by law:~~ **the retail transaction.**

(c) The county fiscal body may adopt an ordinance to require that the tax be reported on forms approved by the county treasurer and that the tax shall be paid monthly to the county treasurer. If such an ordinance is adopted. The tax shall be paid to the county treasurer not more than twenty (20) days after the end of the month the tax is collected. If such an ordinance is not adopted, the tax shall be imposed, paid, and collected in exactly the same manner as the state gross retail tax is imposed, paid, and collected.

(d) All of the provisions of the state gross retail tax (IC 6-2.5) relating to rights, duties, liabilities, procedures, penalties, definitions, exemptions, and administration shall be applicable to the imposition and administration of the tax imposed by this section except to the extent such provisions are in conflict or inconsistent with the specific provisions of this chapter or the requirements of the county treasurer. Specifically and not in limitation of the foregoing sentence, the terms "person" and "gross retail income" shall have the same meaning in this section as they have in the state gross retail tax (IC 6-2.5). If the tax is paid to the department of state revenue, the returns to be filed for the payment of the tax under this section may be either a separate return or may be combined with the return filed for the payment of the state gross retail tax as the department of state revenue may, by rule, determine.

(e) If the tax is paid to the department of state revenue, the amounts received from the tax shall be paid by the end of the next succeeding month by the treasurer of state to the county treasurer upon warrants issued by the auditor of state. The county treasurer shall deposit the revenue received under this chapter as provided in section 2 of this chapter.

SECTION 91. IC 6-9-2-2, AS AMENDED BY P.L.113-2010, SECTION 70, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 2. (a) The revenue received by the county treasurer under this chapter shall be allocated to the Lake County convention and visitor bureau, Indiana University-Northwest, Purdue University-Calumet, municipal public safety departments, municipal

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physical and economic development divisions, and the cities and towns in the county as provided in this section. Subsections (b) through (g) do not apply to the distribution of revenue received under section 1 of this chapter from hotels, motels, inns, tourist camps, tourist cabins, and other lodgings or accommodations built or refurbished after June 30, 1993, that are located in the largest city of the county.

(b) The Lake County convention and visitor bureau shall establish a convention, tourism, and visitor promotion fund (referred to in this chapter as the "promotion fund"). The county treasurer shall transfer to the Lake County convention and visitor bureau for deposit in the promotion fund thirty-five percent (35%) of the first one million two hundred thousand dollars (\$1,200,000) of revenue received from the tax imposed under this chapter in each year. The promotion fund consists of:

- (1) money in the promotion fund on June 30, 2005;
- (2) revenue deposited in the promotion fund under this subsection after June 30, 2005; and
- (3) investment income earned on the promotion fund's assets.

Money in the ~~bureau's~~ funds **established by the bureau** may be expended to promote and encourage conventions, trade shows, special events, recreation, and visitors. Money may be paid from the ~~promotion fund~~; **funds established by the bureau**, by claim in the same manner as municipalities may pay claims under IC 5-11-10-1.6.

(c) This subsection applies to the first one million two hundred thousand dollars (\$1,200,000) of revenue received from the tax imposed under this chapter in each year. During each year, the county treasurer shall transfer to Indiana University-Northwest forty-four and thirty-three hundredths percent (44.33%) of the revenue received under this chapter for that year to be used as follows:

- (1) Seventy-five percent (75%) of the revenue received under this subsection may be used only for the university's medical education programs.
- (2) Twenty-five percent (25%) of the revenue received under this subsection may be used only for the university's allied health education programs.

(d) This subsection applies to the first one million two hundred thousand dollars (\$1,200,000) of revenue received from the tax imposed under this chapter in each year. During each year, the county treasurer shall allocate among the cities and towns throughout the county nine percent (9%) of the revenue received under this chapter for that year as follows:

- (1) Ten percent (10%) of the revenue covered by this subsection

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shall be distributed to cities having a population of more than ninety thousand (90,000) but less than one hundred five thousand (105,000).

(2) Ten percent (10%) of the revenue covered by this subsection shall be distributed to cities having a population of more than seventy-five thousand (75,000) but less than ninety thousand (90,000).

(3) Ten percent (10%) of the revenue covered by this subsection shall be distributed to cities having a population of more than thirty-two thousand (32,000) but less than thirty-two thousand eight hundred (32,800).

(4) Seventy percent (70%) of the revenue covered by this subsection shall be distributed in equal amounts to each town and each city not receiving a distribution under subdivisions (1) through (3).

The money distributed under this subsection may be used only for tourism and economic development projects. The county treasurer shall make the distributions on or before December 1 of each year.

(e) This subsection applies to the first one million two hundred thousand dollars (\$1,200,000) of revenue received from the tax imposed under this chapter in each year. During each year, the county treasurer shall transfer to Purdue University-Calumet nine percent (9%) of the revenue received under this chapter for that year. The money received by Purdue University-Calumet may be used by the university only for nursing education programs.

(f) This subsection applies to the first one million two hundred thousand dollars (\$1,200,000) of revenue received from the tax imposed under this chapter in each year. During each year, the county treasurer shall transfer two and sixty-seven hundredths percent (2.67%) of the revenue received under this chapter for that year to the following cities:

(1) Fifty percent (50%) of the revenue covered by this subsection shall be transferred to cities having a population of more than ninety thousand (90,000) but less than one hundred five thousand (105,000).

(2) Fifty percent (50%) of the revenue covered by this subsection shall be transferred to cities having a population of more than seventy-five thousand (75,000) but less than ninety thousand (90,000).

Money transferred under this subsection may be used only for convention facilities located within the city. In addition, the money may be used only for facility marketing, sales, and public relations

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programs. Money transferred under this subsection may not be used for salaries, facility operating costs, or capital expenditures related to the convention facilities. The county treasurer shall make the transfers on or before December 1 of each year.

(g) This subsection applies to the revenue received from the tax imposed under this chapter in each year that exceeds one million two hundred thousand dollars (\$1,200,000). During each year, the county treasurer shall distribute money in the promotion fund as follows:

(1) Eighty-five percent (85%) of the revenue covered by this subsection shall be deposited in the convention, tourism, and visitor promotion fund. The money deposited in the fund under this subdivision may be used only for the purposes for which other money in the fund may be used.

(2) Five percent (5%) of the revenue covered by this subsection shall be transferred to Purdue University-Calumet. The money received by Purdue University-Calumet under this subdivision may be used by the university only for nursing education programs.

(3) Five percent (5%) of the revenue covered by this subsection shall be transferred to Indiana University-Northwest. The money received by Indiana University-Northwest under this subdivision may be used only for the university's medical education programs.

(4) Five percent (5%) of the revenue covered by this subsection shall be transferred to Indiana University-Northwest. The money received by Indiana University-Northwest under this subdivision may be used only for the university's allied health education programs.

(h) This subsection applies only to the distribution of revenue received from the tax imposed under section 1 of this chapter from hotels, motels, inns, tourist camps, tourist cabins, and other lodgings or accommodations built or refurbished after June 30, 1993, that are located in the largest city of the county. During each year, the county treasurer shall transfer:

(1) seventy-five percent (75%) of the revenues under this subsection to the department of public safety; and

(2) twenty-five percent (25%) of the revenues under this subsection to the division of physical and economic development; of the largest city of the county.

(i) The Lake County convention and visitor bureau shall assist the county treasurer, as needed, with the calculation of the amounts that must be deposited and transferred under this section.

SECTION 92. IC 6-9-2-3, AS AMENDED BY P.L.223-2007,

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SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 3. (a) For purposes of this section, the size of a political subdivision is based on the population determined in the last federal decennial census.

(b) A convention and visitor bureau having ~~fifteen (15)~~ **nineteen (19)** members is created to promote the development and growth of the convention, tourism, and visitor industry in the county.

(c) The executives (as defined by IC 36-1-2-5) of the ~~eight (8)~~ **largest municipalities (as defined by IC 36-1-2-11) five (5) largest cities and the seven (7) largest towns** in the county shall each appoint one (1) member to the bureau. The legislative body (as defined in IC 36-1-2-9) of the two (2) largest municipalities in the county shall each appoint one (1) member to the bureau.

(d) The county council shall appoint two (2) members to the bureau. One (1) of the appointees must be a resident of the **fifth largest township city** in the county, and one (1) of the appointees must be a resident of the ~~second eighth~~ **largest township town** in the county. **The appointees may not be of the same political party.**

(e) The county commissioners shall appoint two (2) members to the bureau. ~~Each appointee~~ **One (1) of the appointees** must be a resident of the ~~fifth, sixth seventh, eighth, ninth, tenth, or eleventh~~ **largest township town** in the county. ~~These appointees must be residents of different townships.~~ **One (1) of the appointees must be a resident of the seventh largest town in the county. The appointees may not be of the same political party.**

(f) The lieutenant governor shall appoint one (1) member to the bureau.

(g) ~~One (1) of the appointees under subsection (d) and one (1) of the appointees under subsection (e) must be members of the political party that received the highest number of votes in the county in the last preceding election for the office of secretary of state. One (1) of the appointees under subsection (d) and one (1) of the appointees under subsection (e) must be members of the political party that received the second highest number of votes in the county in the election for that office.~~ No appointee under this section may hold an elected or appointed political office while serving on the bureau.

(h) In making appointments under this section, the appointing authority shall give sole consideration to individuals who are knowledgeable about or employed as executives or managers in at least one (1) of the following businesses in the county:

- (1) Hotel.
- (2) Motel.

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- (3) Restaurant.
- (4) Travel.
- (5) Transportation.
- (6) Convention.
- (7) Trade show.
- (8) A riverboat licensed under IC 4-33.
- (9) Banking.
- (10) Real estate.
- (11) Construction.

However, an individual employed by a riverboat may not be appointed under this section unless the individual holds a Level 1 occupational license issued under IC 4-33-8. This subsection does not apply to board members appointed before July 1, 2007, who are eligible for reappointment after June 30, 2007.

(i) All terms of office of bureau members begin on July 1. Members of the bureau serve terms of three (3) years. A member whose term expires may be reappointed to serve another term. If a vacancy occurs, the appointing authority shall appoint a qualified person to serve for the remainder of the term. If an appointment is not made before July 16 or a vacancy is not filled within thirty (30) days, the member appointed by the lieutenant governor under subsection (f) shall appoint a qualified person.

(j) A member of the bureau may be removed for cause by the member's appointing authority.

(k) Members of the bureau may not receive a salary. However, bureau members are entitled to reimbursement for necessary expenses incurred in the performance of their respective duties.

(l) Each bureau member, before entering the member's duties, shall take an oath of office in the usual form, to be endorsed upon the member's certificate of appointment and promptly filed with the clerk of the circuit court of the county.

(m) The bureau shall meet after July 1 each year for the purpose of organization. The bureau shall elect a chairman from its members. The bureau shall also elect from its members a vice chairman, a secretary, and a treasurer. The members serving in those offices shall perform the duties pertaining to the offices. The first officers chosen shall serve until their successors are elected and qualified. A majority of the bureau constitutes a quorum, and the concurrence of a majority of those present is necessary to authorize any action.

(n) If the county and one (1) or more adjoining counties desire to establish a joint bureau, the counties shall enter into an agreement under IC 36-1-7.

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(o) Notwithstanding any other law, any bureau member appointed as of January 1, 2007, is eligible for reappointment.

SECTION 93. IC 6-9-2-4, AS AMENDED BY P.L.223-2007, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 4. (a) The bureau may:

- (1) accept and use gifts, grants, and contributions from any public or private source, under terms and conditions that the bureau considers necessary and desirable;
- (2) sue and be sued;
- (3) enter into contracts and agreements;
- (4) make rules necessary for the conduct of its business and the accomplishment of its purposes;
- (5) receive and approve, alter, or reject requests and proposals for funding by corporations qualified under subdivision (6);
- (6) after its approval of a proposal, transfer money from **any fund established by the bureau**, the promotion fund, or ~~from~~ the alternate revenue fund to any Indiana nonprofit corporation to promote and encourage conventions, trade shows, visitors, or special events in the county;
- (7) require financial or other reports from any corporation that receives funds under this chapter;
- (8) enter into leases under IC 36-1-10 for the construction, acquisition, and equipping of a visitor center; and
- (9) exercise the power of eminent domain to acquire property to promote and encourage conventions, trade shows, special events, recreation, and visitors within the county.

(b) All expenses of the bureau shall be paid from funds established by the bureau. Before ~~September 1~~ **December 20** of each year, the bureau shall prepare a budget for expenditures during the following year, taking into consideration the recommendations made by a corporation qualified under subsection (a)(6). A budget prepared under this section must be submitted to the department of local government finance and placed on file with the county auditor.

(c) All money in the bureau's funds shall be deposited, held, secured, invested, and paid in accordance with statutes relating to the handling of public funds. The handling and expenditure of money in the bureau's funds are subject to audit and supervision by the state board of accounts.

SECTION 94. IC 6-9-2-4.3, AS ADDED BY P.L.168-2005, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 4.3. (a) The Lake County convention and visitor bureau shall establish a convention, tourism, and visitor promotion

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alternate revenue fund (referred to in this chapter as the "alternate revenue fund"). The bureau may deposit in the alternate revenue fund all money received by the bureau after June 30, 2005, that is not required to be deposited in the promotion fund under section 2 of this chapter **or a fund established by the bureau**, including appropriations, gifts, grants, membership dues, and contributions from any public or private source.

(b) The bureau may, without appropriation by the county council, expend money from the alternate revenue fund to promote and encourage conventions, trade shows, visitors, special events, sporting events, and exhibitions in the county. Money may be paid from the alternate revenue fund by claim in the same manner as municipalities may pay claims under IC 5-11-10-1.6.

(c) All money in the alternate revenue fund shall be deposited, held, secured, invested, and paid in accordance with statutes relating to the handling of public funds. The handling and expenditure of money in the alternate revenue fund is subject to audit and supervision by the state board of accounts.

(d) Money derived from the taxes imposed under IC 4-33-12 and IC 4-33-13 may not be transferred to the alternate revenue fund.

SECTION 95. IC 6-9-2-9, AS AMENDED BY P.L.223-2007, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 9. (a) The legislative body of a county that imposes a tax under section 1 of this chapter shall annually prepare a report concerning the disbursement and use of the money collected under this chapter during the preceding calendar year. The report shall be prepared before ~~March~~ **April** 15 each year and shall be made available to the public.

(b) If in any year an entity receiving money under this chapter fails to provide the county legislative body with sufficient information, as reasonably requested by the county legislative body:

- (1) for the county legislative body to comply with this section; and
- (2) before the date specified by the county legislative body;

the county legislative body may direct the county treasurer by resolution to stop deposits and transfers under this chapter to the entity. When an entity provides the information that is the subject of the resolution, the county legislative body shall as soon as practicable direct the county treasurer, by resolution, to resume making deposits and transfers to the entity, including any deposits and transfers that would otherwise have been made to the entity during the time that deposits and transfers were stopped under this subsection. A copy of a

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resolution adopted under this subsection must be distributed to the county treasurer and the entity that is the subject of the resolution within ten (10) business days after the resolution is adopted. The county treasurer shall comply with a resolution adopted under this subsection.

SECTION 96. IC 6-9-3-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 1. (a) This chapter applies to ~~each of two (2) adjacent counties when:~~ **the following counties:**

~~(1) one (1) of the counties has a population of more than seventy thousand (70,000) but less than seventy-one thousand (71,000);~~
and

~~(2) the other county has a population of more than ninety thousand (90,000) but less than one hundred thousand (100,000):~~

(1) Clark County.

(2) Floyd County.

(b) In these counties, there is created a special funds board of managers. As used in this chapter, the term "board of managers" means a special funds board of managers.

(c) **Beginning January 15, 2012**, the board of managers is composed of thirteen (13) members as follows:

(1) ~~Four (4)~~ **Three (3)** members appointed by the executive of the ~~second class city having the largest population;~~ **city of New Albany**, including at least ~~one (1) member who is:~~ engaged in the lodging business: **two (2) members who are:**

(A) engaged in a convention, visitor, or tourism business;

or

(B) involved in or promoting conventions, visitors, or tourism.

(2) ~~Three (3) members appointed by the executive of the third class city having the largest population;~~ **city of Jeffersonville**, including at least ~~one (1) member who is engaged in the lodging business or the restaurant business:~~ **two (2) members who are:**

(A) engaged in a convention, visitor, or tourism business;

or

(B) involved in or promoting conventions, visitors, or tourism.

(3) ~~Two (2) members appointed by the legislative body of the town having the largest population:~~ **of Clarksville, including at least one (1) member who is:**

(A) engaged in a convention, visitor, or tourism business;

or

(B) involved in or promoting conventions, visitors, or

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tourism.

(4) ~~One (1)~~ **Two (2) members** appointed by the executive of the **Floyd County, with the smaller population; including at least one (1) member who is:**

(A) engaged in a convention, visitor, or tourism business; or

(B) involved in or promoting conventions, visitors, or tourism.

(5) ~~Three (3)~~ **members** appointed by the executive of the **Clark County, with the larger population; including at least one (1) member who is engaged in the lodging business: two (2) members who are:**

(A) engaged in a convention, visitor, or tourism business; or

(B) involved in or promoting conventions, visitors, or tourism.

(d) The terms of office for the members of the board of managers are for two (2) years and end as follows:

(1) For each of the following members, the term of office ends on January 15 of each odd-numbered year:

(A) ~~The One (1)~~ **member** appointed by the ~~less populated county's~~ **executive of Floyd County.**

(B) ~~One (1)~~ **member** appointed by the ~~more populated county's~~ **executive of Clark County.**

(C) ~~One (1)~~ **member** appointed by each of the city executives referred to in this section.

(2) For all other members, the terms of office end on January 15 of each even-numbered year.

The term of the second member appointed under subsection (c)(4) by the executive of Floyd County begins January 15, 2012.

(e) At the end of the term of a member of the board of managers, the person or body making the original appointment may reappoint a person whose term has expired or appoint a new member for a two (2) year term. If a vacancy occurs in the board of managers during a term, a successor for the vacancy shall be appointed by the person or body making the original appointment, and the successor shall serve for the remainder of the vacated term.

(f) A member of the board of managers may be removed for cause by the person or body making the original appointment.

(g) ~~No more than two (2) members of the board of managers appointed by the executive of the third class city may be of the same political party. The two (2) members of following apply to the board~~

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of managers appointed by the town legislative body may not be of the same political party. No more than three ~~(3)~~ members of the board of managers appointed by the executive of the second class city having the largest population may be of the same political party. **under this section:**

(1) If an entity is authorized to appoint three (3) members, not more than two (2) of the members appointed by the entity may belong to the same political party.

(2) If an entity is authorized to appoint two (2) members, the members appointed by the entity must belong to different political parties.

(h) Each member of the board of managers, before entering upon the member's duties, shall take an oath of office in the usual form, to be endorsed upon the member's certificate of appointment, which shall be promptly filed with the clerk of the circuit court of the member's county of residence.

(i) A person may not be appointed as a member who has not been a resident of one (1) of the two (2) counties for a period of two (2) years immediately preceding the person's appointment.

(j) A member may receive no salary but is entitled to reimbursement for any expenses necessarily incurred in the performance of the member's duties.

SECTION 97. IC 6-9-3-2.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 2.5. Except as otherwise specifically provided by law, the board of managers is subject to IC 5-14-1.5 and IC 5-14-3.**

SECTION 98. IC 6-9-3-3.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 3.5. (a) Before January 1 of each year, the board of managers shall annually publish a financial report summarizing the income and expenses of the board of managers for the previous twelve (12) months.**

(b) The report required by subsection (a) must be published two (2) times, one (1) week apart, in a daily or weekly newspaper published in the English language and of general circulation in both Clark County and Floyd County.

(c) Before January 1 of each year, the board of managers shall prepare a written report generally summarizing the board's activities for the previous twelve (12) months. The report shall be made available on an Internet web site maintained by the board of managers.

SECTION 99. IC 6-9-3-8 IS ADDED TO THE INDIANA CODE



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AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY 1, 2011]: **Sec. 8. Any entity that receives funds under this chapter shall make a financial or other report upon request of the board of managers.**

SECTION 100. IC 6-9-7-7, AS AMENDED BY P.L.1-2009, SECTION 60, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) The county treasurer shall establish an innkeeper's tax fund. The treasurer shall deposit in that fund all money received under section 6 of this chapter that is attributable to an innkeeper's tax rate that is not more than five percent (5%).

(b) Money in the innkeeper's tax fund shall be distributed as follows:

(1) Thirty percent (30%) shall be distributed to the department of natural resources for the development of projects in the state park on the county's largest river, including its tributaries.

(2) Forty percent (40%) shall be distributed to the commission to carry out its purposes, including making any distributions or payments to the Lafayette - West Lafayette Convention and Visitors Bureau, Inc.

(3) Ten percent (10%) shall be distributed to a community development corporation that serves a metropolitan area in the county that includes:

(A) a city having a population of more than fifty-five thousand (55,000) but less than fifty-nine thousand (59,000); and

(B) a city having a population of more than twenty-eight thousand seven hundred (28,700) but less than twenty-nine thousand (29,000);

for the community development corporation's use in tourism, recreation, and economic development activities.

(4) Ten percent (10%) shall be distributed to Historic Prophetstown to be used by Historic Prophetstown for carrying out its purposes.

(5) Ten percent (10%) shall be distributed to the Wabash River Enhancement Corporation to assist the Wabash River Enhancement Corporation in carrying out its purposes. ~~Money distributed under this subdivision may not be used to pay any:~~

~~(A) employee salaries; or~~

~~(B) other ongoing administrative or operating costs;~~

~~of the Wabash River Enhancement Corporation.~~

(c) An advisory commission consisting of the following members is established:

(1) The director of the department of natural resources or the

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director's designee.

(2) The public finance director or the public finance director's designee.

(3) A member appointed by the Native American Indian affairs commission.

(4) A member appointed by Historic Prophetstown.

(5) A member appointed by the community development corporation described in subsection (b)(3).

(6) A member appointed by the Wabash River Enhancement Corporation.

(7) A member appointed by the commission.

(8) A member appointed by the county fiscal body.

(9) A member appointed by the town board of the town of Battleground.

(10) A member appointed by the mayor of the city of Lafayette.

(11) A member appointed by the mayor of the city of West Lafayette.

(d) The following apply to the advisory commission:

(1) The governor shall appoint a member of the advisory commission as chairman of the advisory commission.

(2) Six (6) members of the advisory commission constitute a quorum. The affirmative votes of at least six (6) advisory commission members are necessary for the advisory commission to take official action other than to adjourn or to meet to hear reports or testimony.

(3) The advisory commission shall make recommendations concerning the use of any proceeds of bonds issued to finance the development of Prophetstown State Park.

(4) Members of the advisory commission who are state employees:

(A) are not entitled to any salary per diem; and

(B) are entitled to reimbursement for traveling expenses as provided under IC 4-13-1-4 and to reimbursement for other expenses actually incurred in connection with the member's duties as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.

(e) The Indiana finance authority, in its capacity as the recreational development commission, may issue bonds for the development of Prophetstown State Park under IC 14-14-1.

SECTION 101. IC 6-9-10.5-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS

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[EFFECTIVE JULY 1, 2011]: **Sec. 1.5. As used in this chapter, "commission" means a commission created under section 9 of this chapter.**

SECTION 102. IC 6-9-10.5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 6. (a) The fiscal body of a county may levy a tax on every person engaged in the business of renting or furnishing, for periods of less than thirty (30) days, any room or rooms, lodgings, or accommodations in any:

- (1) hotel;
- (2) motel;
- (3) inn;
- (4) tourist cabin; or
- (5) campground space;

located in the county.

(b) The tax may not exceed the rate of ~~three~~ **five** percent (~~3%~~) (**5%**) on the gross retail income derived from lodging income only and is in addition to the state gross retail tax imposed under IC 6-2.5.

(c) The county fiscal body may adopt an ordinance to require that the tax be reported on forms approved by the county treasurer and that the tax shall be paid monthly to the county treasurer. If such an ordinance is adopted, the tax shall be paid to the county treasurer not more than twenty (20) days after the end of the month the tax is collected. If such an ordinance is not adopted, the tax shall be imposed, paid, and collected in exactly the same manner as the state gross retail tax is imposed, paid, and collected under IC 6-2.5.

(d) All of the provisions of IC 6-2.5 relating to rights, duties, liabilities, procedures, penalties, definitions, exemptions, and administration are applicable to the imposition and administration of the tax imposed under this section except to the extent those provisions are in conflict or inconsistent with the specific provisions of this chapter or the requirements of the county treasurer. If the tax is paid to the department of state revenue, the return to be filed for the payment of the tax under this section may be either a separate return or may be combined with the return filed for the payment of the state gross retail tax as the department of state revenue may, by rule, determine.

(e) If the tax is paid to the department of state revenue, the taxes the department of state revenue receives under this section during a month shall be paid, by the end of the next succeeding month, to the county treasurer upon warrants issued by the auditor of state.

SECTION 103. IC 6-9-10.5-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 7. (a) If a tax is levied under section 6 of this chapter, the county treasurer shall establish a

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lake enhancement fund. **Except as provided in subsection (c) and section 8 of this chapter**, the county treasurer shall deposit in this fund all amounts received under section 6 of this chapter.

(b) Money in this fund may be expended only to enhance lakes located in the county, including silt trap maintenance.

(c) This subsection applies if the tax levied under section 6 of this chapter is increased by an ordinance adopted by the county fiscal body after June 30, 2011. The county treasurer shall deposit in the lake enhancement fund:

(1) the amount received under section 6 of this chapter; multiplied by

(2) a fraction, the numerator of which is three (3) and the denominator of which is the product of:

(A) the tax rate in effect after the adoption of the ordinance to increase the tax; multiplied by

(B) one hundred (100).

SECTION 104. IC 6-9-10.5-8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 8. (a) If the tax levied under section 6 of this chapter is increased by an ordinance adopted by the county fiscal body after June 30, 2011, the county treasurer shall establish a county promotion fund. The county treasurer shall deposit in the county promotion fund the difference between:**

(1) the amount received under section 6 of this chapter; minus

(2) the amount deposited in the lake enhancement fund under section 7(c) of this chapter.

(b) In a county in which a commission has been established under section 9 of this chapter, the county auditor shall issue a warrant directing the county treasurer to transfer money from the county promotion fund to the commission's treasurer if the commission submits a written request for the transfer.

(c) Money in a county promotion fund, or money transferred from such a fund under subsection (b), may be expended only to promote and encourage conventions, visitors, tourism, and economic development within the county. Expenditures that may be made under this subsection include expenditures for advertising, promotional activities, trade shows, special events, and recreation, and expenditures that are authorized by IC 6-3.5-7-13.1 with respect to the county's economic development income tax fund.

SECTION 105. IC 6-9-10.5-9 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 9. (a) If the tax levied under**

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section 6 of this chapter is increased by an ordinance of the county fiscal body, the county executive shall create a commission to promote:

- (1) economic development; and
- (2) the development and growth of the convention, visitor, and tourism industry;

in the county.

(b) The composition and appointment of the membership of a commission created under subsection (a) must be as follows:

(1) Subject to subdivision (2), the county executive shall determine the number of members of the commission.

(2) The commission must be composed of an odd number of members.

(3) A simple majority of the members must be:

- (A) engaged in the convention or tourism business;
- (B) involved in or promoting conventions, visitors, or tourism; or
- (C) involved in promoting economic development in the county.

(4) At least two (2) members must be engaged in the business of renting or furnishing rooms, lodging, or accommodations (as described in section 6 of this chapter) if at least two (2) such individuals are available and willing to serve on the commission.

(5) Not more than a simple majority of the members may be affiliated with the same political party.

(6) Each member must reside in the county.

(7) The executive of the largest municipality of the county shall appoint a number of members equal to:

- (A) the total number of members of the commission; multiplied by
- (B) a fraction:

- (i) the numerator of which is equal to the population of the largest municipality in the county; and
- (ii) the denominator of which is equal to the total population of the county;

rounded to the nearest whole number. The county executive shall determine who appoints the members of the commission not appointed by the executive of the largest municipality of the county.

(c) All terms of office of commission members begin on January 1. Initial appointments must be for staggered terms, with

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subsequent appointments for two (2) year terms. A member whose term expires may be reappointed to serve another term. If a vacancy occurs, the appointing authority shall appoint a qualified person to serve for the remainder of the term. If an initial appointment is not made by February 1 or a vacancy is not filled within thirty (30) days after the vacancy occurs, the commission shall appoint a member by majority vote.

(d) A member of the commission may be removed for cause by the member's appointing authority.

(e) Members of the commission may not receive a salary. However, commission members are entitled to reimbursement for necessary expenses incurred in the performance of their respective duties.

(f) Each commission member, before entering the member's duties, shall take an oath of office in the usual form, to be endorsed upon the member's certificate of appointment and promptly filed with the clerk of the circuit court of the county.

(g) The commission shall meet after January 1 each year for the purpose of organization. The commission shall elect one (1) of its members president, another vice president, another secretary, and another treasurer. The members elected to those offices shall perform the duties pertaining to the offices. The first officers chosen shall serve from the date of their election until their successors are elected and qualified. A majority of the commission constitutes a quorum, and the concurrence of a majority of the commission is necessary to authorize any action.

SECTION 106. IC 6-9-10.5-10 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 10. (a) A commission created under section 9 of this chapter may:

- (1) accept and use gifts, grants, and contributions from any public or private source, under terms and conditions that the commission considers necessary and desirable;
- (2) sue and be sued;
- (3) enter into contracts and agreements;
- (4) make rules necessary for the conduct of its business and the accomplishment of its purposes;
- (5) receive and approve, alter, or reject requests and proposals for funding by corporations described in subdivision (6);
- (6) after its approval of a proposal, transfer money, quarterly or less frequently, from the fund established under section

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8(a) of this chapter, or from money transferred from that fund to the commission's treasurer under section 8(b) of this chapter, to any Indiana nonprofit corporation to promote and encourage conventions, tourism, or economic development in the county; and

(7) require financial or other reports from any corporation that receives funds under this chapter.

(b) All expenses of the commission shall be paid from the fund established under section 8(a) of this chapter or from money transferred from that fund to the commission's treasurer under section 8(b) of this chapter. The commission shall annually prepare a budget, taking into consideration the recommendations made by a corporation described in subsection (a)(6), and submit the budget to the county fiscal body for review and approval. An expenditure may not be made under this chapter unless the expenditure is in accordance with an appropriation made by the county fiscal body in the manner provided by law.

SECTION 107. IC 6-9-10.5-11 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 11. All money coming into the possession of a commission created under section 9 of this chapter shall be deposited, held, secured, invested, and paid in accordance with statutes relating to the handling of public funds. The handling and expenditure of money coming into possession of the commission is subject to audit and supervision by the state board of accounts.**

SECTION 108. IC 6-9-10.5-12 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 12. (a) A member of a commission created under section 9 of this chapter who knowingly:**

- (1) approves the transfer of money to any person or corporation not qualified under law to receive the transfer; or**
- (2) approves a transfer for a purpose not permitted under law;**

commits a Class D felony.

(b) A person who receives a transfer of money under this chapter and knowingly uses the money for any purpose not permitted under this chapter commits a Class D felony.

SECTION 109. IC 6-9-24-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 1. This chapter applies to a municipality (as defined in IC 36-1-2-11) located in a county having a population of more than fourteen thousand nine**

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~~hundred (14,900) but less than sixteen thousand (16,000): the town of Nashville.~~

SECTION 110. IC 6-9-24-9, AS AMENDED BY P.L.184-2006, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) If the tax is imposed by a municipality under this chapter, the tax terminates January 1, ~~2012~~: **2022**.

(b) This chapter expires July 1, ~~2012~~: **2022**.

SECTION 111. IC 6-9-39-9, AS ADDED BY P.L.162-2006, SECTION 36, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. **(a) Except as provided in subsection (b)**, after July 1, 2006, a county or a municipality (as defined in IC 36-1-2-11) of the county may not adopt an ordinance implementing a licensing system for dogs unless the county option dog tax under this chapter is in effect in the county.

(b) If:

(1) a county adopted an ordinance implementing a licensing system for dogs:

(A) after December 31, 2006; and

(B) before February 1, 2007; and

(2) the county did not first adopt the county option dog tax; the ordinance is legalized.

SECTION 112. IC 7.1-3-21-15, AS AMENDED BY P.L.224-2005, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 15. (a) The commission shall not issue, renew, or transfer a wholesaler, retailer, dealer, or other permit of any type if the applicant:

(1) is seeking a renewal and the applicant has not paid all the property taxes under IC 6-1.1 and the innkeeper's tax under IC 6-9 that are due currently;

(2) is seeking a transfer and the applicant has not paid all the property taxes under IC 6-1.1 and innkeeper's tax under IC 6-9 for the assessment periods during which the transferor held the permit; or

(3) is on the most recent tax warrant list supplied to the commission by the department of state revenue.

(b) The commission shall issue, renew, or transfer a permit that the commission denied under subsection (a) when the appropriate one (1) of the following occurs:

(1) The person, if seeking a renewal, provides to the commission a statement from the county treasurer of the county in which the property of the applicant was assessed indicating that all the property taxes under IC 6-1.1 and, in a county where the county

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treasurer collects the innkeeper's tax, the innkeeper's tax under IC 6-9 that were delinquent have been paid.

(2) The person, if seeking a transfer of ownership, provides to the commission a statement from the county treasurer of the county in which the property of the transferor was assessed indicating that all the property taxes under IC 6-1.1 and, in a county where the county treasurer collects the innkeeper's tax, the innkeeper's tax under IC 6-9 have been paid for the assessment periods during which the transferor held the permit.

(3) The person provides to the commission a statement from the commissioner of the department of state revenue indicating that the person's ~~delinquent tax liability tax warrant~~ has been satisfied, including any delinquency in innkeeper's tax if the state collects the innkeeper's tax for the county in which the person seeks the permit.

(4) The commission receives a notice from the commissioner of the department of state revenue under IC 6-8.1-8-2(k).

(c) An applicant may not be considered delinquent in the payment of listed taxes if the applicant has filed a proper protest under IC 6-8.1-5-1 contesting the remittance of those taxes. The applicant shall be considered delinquent in the payment of those taxes if the applicant does not remit the taxes owed to the state department of revenue after a final determination on the protest is made by the department of state revenue.

(d) The commission may require that an applicant for the issuance, renewal, or transfer of a wholesaler's, retailer's, or dealer's, or other permit of any type furnish proof of the payment of a listed tax (as defined by IC 6-8.1-1-1), ~~tax warrant~~, or taxes imposed by IC 6-1.1. ~~The commission shall allow the applicant to certify, under the penalties for perjury, that the applicant is not delinquent in filing returns or remitting taxes.~~

SECTION 113. IC 13-14-1-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 9. (a) The commissioner shall issue permits, licenses, orders, and variances as authorized by:

- (1) this title;
- (2) other statutes; and
- (3) rules of the boards.

(b) If the commissioner is notified by the department of state revenue that a person is on the most recent tax warrant list, the commissioner may not issue a permit or license to the applicant until:

- (1) the applicant provides a statement to the commissioner from

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the department of state revenue indicating that the applicant's ~~delinquent tax liability tax warrant~~ has been satisfied; or
 (2) the commissioner receives a notice from the commissioner of the department of state revenue under IC 6-8.1-8-2(k).

SECTION 114. IC 16-21-2-11, AS AMENDED BY P.L.96-2005, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 11. (a) An applicant must submit an application for a license on a form prepared by the state department showing that:

- (1) the applicant is of reputable and responsible character;
- (2) the applicant is able to comply with the minimum standards for a hospital, an ambulatory outpatient surgical center, an abortion clinic, or a birthing center, and with rules adopted under this chapter; and
- (3) the applicant has complied with section 15.4 of this chapter.

(b) The application must contain the following additional information:

- (1) The name of the applicant.
- (2) The type of institution to be operated.
- (3) The location of the institution.
- (4) The name of the person to be in charge of the institution.
- (5) If the applicant is a hospital, the range and types of services to be provided under the general hospital license, including any service that would otherwise require licensure by the state department under the authority of IC 16-19.
- (6) Other information the state department requires.

(c) If the department of state revenue notifies the department that a person is on the most recent tax warrant list, the department shall not issue or renew the person's license until:

- (1) the person provides to the department a statement from the department of state revenue that the person's tax warrant has been satisfied; or**
- (2) the department receives a notice from the commissioner of the department of state revenue under IC 6-8.1-8-2(k).**

SECTION 115. IC 16-21-9-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 7. (a) Each nonprofit hospital shall prepare an annual report of the community benefits plan. The report must include, in addition to the community benefits plan itself, the following background information:

- (1) The hospital's mission statement.
- (2) A disclosure of the health care needs of the community that were considered in developing the hospital's community benefits

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plan.

(3) A disclosure of the amount and types of community benefits actually provided, including charity care. Charity care must be reported as a separate item from other community benefits.

(b) Each nonprofit hospital shall annually file a report of the community benefits plan with the state department. **For a hospital's fiscal year that ends before July 1, 2011**, the report must be filed not later than one hundred twenty (120) days after the close of the hospital's fiscal year. **For a hospital's fiscal year that ends after June 30, 2011, the report must be filed at the same time the nonprofit hospital files its annual return described under Section 6033 of the Internal Revenue Code that is timely filed under Section 6072(e) of the Internal Revenue Code, including any applicable extension authorized under Section 6081 of the Internal Revenue Code.**

(c) Each nonprofit hospital shall prepare a statement that notifies the public that the annual report of the community benefits plan is:

- (1) public information;
- (2) filed with the state department; and
- (3) available to the public on request from the state department.

This statement shall be posted in prominent places throughout the hospital, including the emergency room waiting area and the admissions office waiting area. The statement shall also be printed in the hospital patient guide or other material that provides the patient with information about the admissions criteria of the hospital.

(d) Each nonprofit hospital shall develop a written notice about any charity care program operated by the hospital and how to apply for charity care. The notice must be in appropriate languages if possible. The notice must also be conspicuously posted in the following areas:

- (1) The general waiting area.
- (2) The waiting area for emergency services.
- (3) The business office.
- (4) Any other area that the hospital considers an appropriate area in which to provide notice of a charity care program.

SECTION 116. IC 16-25-3-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 4. (a) To obtain a license or approval under this chapter, the hospice program owned or operated by the applicant must:

- (1) meet the minimum standards for certification under the Medicare program (42 U.S.C. 1395 et seq.) and comply with the regulations for hospices under 42 CFR 418.1 et seq.; or
- (2) be certified by the Medicare program.

(b) If the department of state revenue notifies the department

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that a person is on the most recent tax warrant list, the department shall not issue or renew the person's license until:

- (1) the person provides to the department a statement from the department of state revenue indicating that the person's tax warrant has been satisfied; or**
- (2) the department receives a notice from the commissioner of the department of state revenue under IC 6-8.1-8-2(k).**

SECTION 117. IC 16-27-1-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 8. (a) To operate a home health agency, a person must first obtain a license from the state health commissioner, unless the person is exempted by a rule adopted by the state department.

(b) The state health commissioner may also permit persons who are not required to be licensed under this chapter to be voluntarily licensed if:

- (1) the services provided by the person are substantially similar to those provided by licensed home health agencies under this chapter; and
- (2) licensure will assist the person in obtaining:
 - (A) payment for services; or
 - (B) certification.

(c) If the department of state revenue notifies the department that a person is on the most recent tax warrant list, the department shall not issue or renew the person's license until:

- (1) the person provides to the department a statement from the department of state revenue indicating that the person's tax warrant has been satisfied; or**
- (2) the department receives a notice from the commissioner of the department of state revenue under IC 6-8.1-8-2(k).**

SECTION 118. IC 16-28-2-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 3. (a) Before the director may issue a license to a health facility, the director must find that the health facility, within the care category for which license is sought, is adequate in each of the following respects:

- (1) The physical structure in which the service is to be performed.
 - (2) The educational level, number, and personal health of the staff.
 - (3) The financial ability to provide the service to be performed.
 - (4) The equipment with which to perform the service.
 - (5) The operating history of other health facilities owned or managed by the same person who owns or manages the facility.
- The director may recommend denial of licensure to a new facility

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or facility applying for licensure under new ownership where the owner or manager has a record of operation of other health facilities in substantial breach of this chapter or any other law governing health facilities.

(b) If the department of state revenue notifies the department that a person is on the most recent tax warrant list, the department shall not issue or renew the person's license until:

(1) the person provides to the department a statement from the department of state revenue indicating that the person's tax warrant has been satisfied; or

(2) the department receives a notice from the commissioner of the department of state revenue under IC 6-8.1-8-2(k).

SECTION 119. IC 16-41-35-27 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 27. (a) A registration under section 26(d) of this chapter is effective until there is a change that may significantly increase the number of sources, source strength, or output of energy of radiation produced. A registration that includes at least one (1) source that subsequently requires licensing under section 26(a) of this chapter expires with respect to that particular source upon the effective date of the license. If a change occurs, the change shall be registered with the state department within thirty (30) days as an amendment to the original registration, unless exempted under rules adopted under this chapter.

(b) The state department shall specify the expiration date for a license in the license.

(c) The governor may, on behalf of the state, enter into an agreement with the federal government providing for discontinuance of certain of the federal government's responsibilities with respect to sources of radiation and the assumption of those responsibilities by the state.

(d) A person who, on the effective date of an agreement under subsection (c), possesses a license issued by the federal government is considered to possess an equivalent license issued under this chapter that expires:

(1) ninety (90) days after receipt from the state department of a notice of expiration of the license; or

(2) on the date of expiration specified in the federal license;

whichever is earlier.

(e) The term of a license issued under this section by the state department is twenty-four (24) months.

(f) The license fee for a new or renewal license is two hundred fifty dollars (\$250).

(g) If the department of state revenue notifies the department

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that a person is on the most recent tax warrant list, the department shall not issue or renew the person's license until:

- (1) the person provides to the department a statement from the department of state revenue indicating that the person's tax warrant has been satisfied; or
- (2) the department receives a notice from the commissioner of the department of state revenue under IC 6-8.1-8-2(k).

SECTION 120. IC 20-19-2-14, AS ADDED BY P.L.1-2005, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 14. The state board shall do the following:

- (1) Establish the educational goals of the state, developing standards and objectives for local school corporations.
- (2) Assess the attainment of the established goals.
- (3) Assure compliance with established standards and objectives.
- (4) Coordinate with the commission for higher education (IC 21-18-1) and the department of workforce development (IC 22-4.1-2) to develop entrepreneurship education programs for elementary and secondary education, higher education, and individuals in the work force.**
- ~~(4)~~ **(5)** Make recommendations to the governor and general assembly concerning the educational needs of the state, including financial needs.

SECTION 121. IC 20-28-5-14, AS AMENDED BY SEA 1-2011, SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 14. If the department is notified by the department of state revenue that an individual is on the most recent tax warrant list, the department ~~may~~ **shall** not grant a license to the individual until:

- (1) the individual provides the department with a statement from the department of state revenue indicating that the individual's ~~delinquent tax liability tax warrant~~ has been satisfied; or
- (2) the department receives a notice from the commissioner of the department of state revenue under IC 6-8.1-8-2(k).

SECTION 122. IC 20-28-11.5-3, AS AMENDED BY HEA 1001-2011, SECTION 176, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 3. As used in this chapter, "school corporation" includes:

- (1) a school corporation;
- (2) a school created by an interlocal agreement under IC 36-1-7;
- (3) a special education cooperative under IC 20-35-5; and
- (4) a joint career and technical education program created under IC 20-37-1.

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However, for purposes of section 4(a) and 4(b) of this chapter, "school corporation" includes a charter school, a virtual charter school, an eligible school (as defined in IC 20-51-1-4.7). ~~and a participating school (as defined in IC 20-51-1-6).~~

SECTION 123. IC 20-46-5-4, AS ADDED BY P.L.2-2006, SECTION 169, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 4. Each school corporation may levy for a calendar year a property tax for the fund in accordance with the school bus acquisition plan adopted under this chapter. **The levy imposed for the March 1, 2011, and January 15, 2012, assessment dates may not exceed the amount approved by the department of local government finance under section 5 of this chapter and IC 6-1.1-17. In setting the levy for the March 1, 2011, and January 15, 2012, assessment dates, the department of local government finance shall evaluate whether the levy proposed by a school corporation exceeds the reasonable needs of the school corporation to carry out the purposes of the fund and approve a levy that does not exceed the reasonable needs of the school corporation to carry out the purposes of this chapter. In making its determination, the department of local government finance may consider whether a school corporation has in a previous year transferred money from the fund to the school corporation's rainy day fund or a fund other than the school bus replacement fund. A levy imposed for an assessment date after January 15, 2012, may not exceed an amount determined by multiplying:**

- (1) the school corporation's maximum permissible levy determined under this section for the previous year, after eliminating the effects of temporary excessive levy appeals and any other temporary adjustments made to the levy for the calendar year (regardless of whether the school corporation imposed the entire amount of the maximum permissible levy in the immediately preceding year); by
- (2) the assessed value growth quotient determined under IC 6-1.1-18.5-2.

SECTION 124. IC 20-46-5-6.1, AS AMENDED BY P.L.111-2010, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 6.1. (a) This section does not apply to a school corporation that elects to adopt a budget under IC 6-1.1-17-5.6, unless a resolution adopted under IC 6-1.1-17-5.6(d) by the governing body of the school corporation is in effect.

(b) Before a governing body may collect property taxes for the fund in a particular calendar year, the governing body must, after January 1

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and not later than ~~September 20~~ **November 1** of the immediately preceding year:

- (1) conduct a public hearing on; and
- (2) pass a resolution to adopt;

a plan.

SECTION 125. IC 20-46-6-8.1, AS AMENDED BY P.L.111-2010, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 8.1. (a) This section does not apply to a school corporation that elects to adopt a budget under IC 6-1.1-17-5.6, unless a resolution adopted under IC 6-1.1-17-5.6(d) by the governing body of the school corporation is in effect.

(b) Before a governing body may collect property taxes for a capital projects fund in a particular year, the governing body must:

- (1) after January 1; and
- (2) not later than ~~September 20~~; **November 1**;

of the immediately preceding year, hold a public hearing on a proposed or amended plan and pass a resolution to adopt the proposed or amended plan.

SECTION 126. IC 20-51-4-3, AS AMENDED BY HEA 1001-2011, SECTION 222, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 3. (a) An eligible school may not discriminate on the basis of race, color, or national origin.

(b) An eligible school shall abide by the school's written admission policy fairly and without discrimination with regard to students who:

- (1) apply for; or
- (2) are awarded;

scholarships under this chapter.

(c) If the number of applicants for enrollment in an eligible school under a choice scholarship exceeds the number of choice scholarships available to the eligible school, the eligible school must draw at random in a public meeting the applications of applicants who are entitled to a choice scholarship from among the applicants who meet the requirements for admission to the eligible school.

(d) The department shall make random visits to **at least five percent (5%)** of eligible schools and charter schools to verify that the eligible school or charter school complies with the provisions of IC 20-51-4, the Constitutions of the state of Indiana and the United States.

(e) Each eligible school, public school, and charter school shall grant the department reasonable access to its premises, including access to the school's grounds, buildings, and property.

(f) Each year the principal of each eligible school shall certify

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under penalties of perjury to the department that the eligible school is complying with the requirements of this chapter. The department shall develop a process for eligible schools to follow to make certifications.

SECTION 127. IC 21-18-8-5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 5. (a) The commission shall coordinate with the Indiana state board of education (IC 20-19-2) and the department of workforce development (IC 22-4.1-2) to develop entrepreneurship education programs for elementary and secondary education, higher education, and individuals in the work force.**

(b) The commission shall require each state educational institution to expand technology and innovation commercialization programs.

SECTION 128. IC 22-4-13-4 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 4. (a) This section applies to an individual:**

(1) for whom the department has established an overpayment by a final written determination under section 1(a) or 1(b) of this chapter; and

(2) whose overpayment amount that is due and payable equals or exceeds:

(A) the individual's weekly benefit amount; multiplied by

(B) four (4).

(b) Notwithstanding any other law and subject to subsection (c), an individual is entitled to repay the established amount of an overpayment over a period:

(1) beginning on the date the determination of the amount of the overpayment is final; and

(2) ending on a date not later than the date occurring thirty-six (36) months after the date specified in subdivision (1).

(c) An individual to whom this section applies may repay an overpayment over time as provided in subsection (b) not more than once during the individual's lifetime.

SECTION 129. IC 22-4.1-4-5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 5. The department shall coordinate with the commission for higher education (IC 21-18-1) and the Indiana state board of education (IC 20-19-2) to develop**

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entrepreneurship education programs for elementary and secondary education, higher education, and individuals in the work force.

SECTION 130. IC 24-3-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. Unless the context in this chapter requires otherwise, the term:

(a) "Cigarette" shall mean and include any roll for smoking made wholly or in part of tobacco, irrespective of size or shape and irrespective of tobacco being flavored, adulterated, or mixed with any other ingredient, where such roll has a wrapper or cover made of paper or any other material; provided the definition in this paragraph shall not be construed to include cigars.

(b) "Person" or the term "company", used in this chapter interchangeably, means and includes any individual, assignee, receiver, commissioner, fiduciary, trustee, executor, administrator, institution, bank, consignee, firm, partnership, limited liability company, joint vendor, pool, syndicate, bureau, association, cooperative association, society, club, fraternity, sorority, lodge, corporation, municipal corporation, or other political subdivision of the state engaged in private or proprietary activities or business, estate, trust, or any other group or combination acting as a unit, and the plural as well as the singular number, unless the intention to give a more limited meaning is disclosed by the context.

(c) "Distributor" shall mean and include every person who sells, barter, exchanges, or distributes cigarettes in the state of Indiana to retail dealers for the purpose of resale, or who purchases for resale cigarettes from a manufacturer of cigarettes or from a wholesaler, jobber, or distributor outside the state of Indiana who is not a distributor holding a registration certificate issued under the provisions of IC 6-7-1.

(d) "Retailer" shall mean every person, other than a distributor, who purchases, sells, offers for sale, or distributes cigarettes to consumers or to any person for any purpose other than resale, irrespective of quantity or amount or the number of sales.

(e) "Sell at retail", "sale at retail", and "retail sales" shall mean and include any transfer of title to cigarettes for a valuable consideration made in the ordinary course of trade or usual conduct of the seller's business to the purchaser for consummation or use.

(f) "Sell at wholesale", "sale at wholesale", and "wholesale sales" shall mean and include any transfer of title to cigarettes for a valuable consideration made in the ordinary course of trade or usual conduct of a distributor's business.

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(g) "Basic cost of cigarettes" shall mean the invoice cost of cigarettes to the retailer or distributor, as the case may be, or the replacement cost of cigarettes to the retailer or distributor, as the case may be, within thirty (30) days prior to the date of sale, in the quantity last purchased, whichever is the lower, less all trade discounts and customary discounts for cash, plus the cost at full face value of any stamps which may be required by IC 6-7-1, if not included by the manufacturer in his selling price to the distributor.

(h) "Department" shall mean the alcohol and tobacco commission or its duly authorized assistants and employees.

(i) "Cost to the retailer" shall mean the basic cost of cigarettes to the retailer, plus the cost of doing business by the retailer as evidenced by the standards and methods of accounting regularly employed by him in his allocation of overhead costs and expenses paid or incurred and must include without limitation labor (including salaries of executives and officers), rent, depreciation, selling costs, maintenance of equipment, delivery costs, all types of licenses, taxes, insurance, and advertising; however, any retailer who, in connection with the retailer's purchase, receives not only the discounts ordinarily allowed upon purchases by a retailer, but also, in whole or in part, discounts ordinarily allowed on purchases by a distributor shall, in determining costs to the retailer pursuant to this section, add the cost to the distributor, as defined in paragraph (j), to the basic cost of cigarettes to said retailer as well as the cost of doing business by the retailer. In the absence of proof of a lesser or higher cost of doing business by the retailer making the sale, the cost of doing business by the retailer shall be presumed to be ~~eight~~ **ten** percent (~~8%~~) (**10%**) of the basic cost of cigarettes to the retailer. In the absence of proof of a lesser or higher cost of doing business, the cost of doing business by the retailer, who in connection with the retailer's purchase receives not only the discounts ordinarily allowed upon purchases by a retailer, but also, in whole or in part, the discounts ordinarily allowed upon purchases by a distributor, shall be presumed to be ~~eight ten~~ percent (~~8%~~) (**10%**) of the sum of the basic cost of cigarettes plus the cost of doing business by the distributor.

(j) "Cost to the distributor" shall mean the basic cost of cigarettes to the distributor, plus the cost of doing business by the distributor as evidenced by the standards and methods of accounting regularly employed by him in his allocation of overhead costs and expenses, paid or incurred, and must include without limitation labor costs (including salaries of executives and officers), rent, depreciation, selling costs, maintenance of equipment, delivery costs, all types of licenses, taxes, insurance, and advertising. In the absence of proof of a lesser or higher

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cost of doing business by the distributor making the sale, the cost of doing business by the wholesaler shall be presumed to be four percent (4%) of the basic cost of cigarettes to the distributor, plus cartage to the retail outlet, if performed or paid for by the distributor, which cartage cost, in the absence of proof of a lesser or higher cost, shall be deemed to be one-half of one percent (0.5%) of the basic cost of cigarettes to the distributor.

(k) "Registration certificate" refers to the registration certificate issued to cigarette distributors by the department of state revenue under IC 6-7-1-16.

SECTION 131. IC 25-1-6-8, AS AMENDED BY P.L.206-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 8. (a) The licensing agency and the boards may allow the department of state revenue access to the name of each person who:

- (1) is licensed under this chapter or IC 25-1-5; or
- (2) has applied for a license under this chapter or IC 25-1-5.

(b) If the department of state revenue notifies the licensing agency that a person is on the most recent tax warrant list, the licensing agency ~~may~~ **shall** not issue or renew the person's license until:

- (1) the person provides to the licensing agency a statement from the department of **state** revenue **indicating** that the person's ~~delinquent tax liability tax warrant~~ has been satisfied; or
- (2) the licensing agency receives a notice from the commissioner of the department of state revenue under IC 6-8.1-8-2(k).

SECTION 132. IC 28-1-29-3, AS AMENDED BY HEA 1528-2011, SECTION 37, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 3. (a) No person shall operate a debt management company in Indiana without having obtained a license from the department. For purposes of this section, a person is operating in Indiana if:

- (1) the person or any of the person's employees or agents are located in Indiana; or
- (2) the person:
 - (A) contracts with debtors who are residents of Indiana; or
 - (B) solicits business from residents of Indiana by advertisements or other communications sent or delivered through any of the following means:
 - (i) Mail.
 - (ii) Personal delivery.
 - (iii) Telephone.
 - (iv) Radio.

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- (v) Television.
- (vi) The Internet or other electronic communications.
- (vii) Any other means of communication.

(b) The director may request evidence of compliance with this section at:

- (1) the time of application;
- (2) the time of renewal of a license; or
- (3) any other time considered necessary by the director.

(c) For purposes of subsection (b), evidence of compliance with this section may include:

- (1) criminal background checks, including a national criminal history background check (as defined in IC 10-13-3-12) by the Federal Bureau of Investigation for any individual described in section 5(b)(2) or 5(b)(3) of this chapter;
- (2) credit histories; and
- (3) other background checks considered necessary by the director.

If the director requests a national criminal history background check under subdivision (1) for an individual described in that subdivision, the director shall require the individual to submit fingerprints to the department or to the state police department, as appropriate, at the time evidence of compliance is requested under subsection (b). The individual to whom the request is made shall pay any fees or costs associated with the fingerprints and the national criminal history background check. The national criminal history background check may be used by the director to determine the individual's compliance with this section. The director or the department may not release the results of the national criminal history background check to any private entity.

(d) The fee for a license or renewal of a license shall be fixed by the department under IC 28-11-3-5 and shall be nonrefundable. The department may impose a fee under IC 28-11-3-5 for each day that a renewal fee and any related documents that are required to be submitted with a renewal application are delinquent.

(e) If a person knowingly acts as a debt management company in violation of this chapter, any agreement the person has made under this chapter is void and the debtor under the agreement is not obligated to pay any fees. If the debtor has paid any amounts to the person, the debtor, or the department on behalf of the debtor, may recover the payment from the person that violated this section.

(f) A license issued under this section:

- (1) except in a transaction approved under section 3.1 of this chapter, is not assignable or transferable; and

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(2) in order to remain in force, must be renewed every year in the manner prescribed by the director of the department.

The director of the department shall prescribe the form of the renewal application. In order to be accepted for processing, a renewal application must be accompanied by the license renewal fee imposed under subsection (d) and all information and documents requested by the director of the department.

(g) If the department of state revenue notifies the department that a person is on the most recent tax warrant list, the department shall not issue or renew the person's license until:

(1) the person provides to the department a statement from the department of state revenue that the person's tax warrant has been satisfied; or

(2) the department receives a notice from the commissioner of the department of state revenue under IC 6-8.1-8-2(k).

SECTION 133. IC 28-7-5-5, AS AMENDED BY P.L.57-2006, SECTION 40, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 5. (a) The initial application and any renewal application shall be accompanied by a fee fixed by the department under IC 28-11-3-5. The initial application and any renewal application must include a financial statement that:

(1) is prepared in accordance with standards adopted by the director;

(2) indicates the applicant meets minimum financial responsibility standards adopted by the director; and

(3) is prepared by a third party acceptable to the director.

(b) The initial application and any renewal application must be accompanied by proof that the applicant:

(1) has executed a bond, payable to the state, in an amount determined by the director; and

(2) has obtained property and casualty insurance coverage, in an amount determined by the director;

in accordance with standards adopted by the director.

(c) Any standards adopted by the director and described in subsection (a)(1), (a)(2), or (b) must be made available:

(1) for public inspection and copying at the offices of the department under IC 5-14-3; and

(2) electronically through the computer gateway administered by the office of technology established by IC 4-13.1-2-1.

(d) If the department of state revenue notifies the department that a person is on the most recent tax warrant list, the department shall not issue or renew the person's license until:

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- (1) the person provides to the department a statement from the department of state revenue that the person's tax warrant has been satisfied; or**
- (2) the department receives a notice from the commissioner of the department of state revenue under IC 6-8.1-8-2(k).**

SECTION 134. IC 28-8-4-20, AS AMENDED BY P.L.35-2010, SECTION 180, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 20. (a) A person may not engage in the business of money transmission without a license required by this chapter.

(b) An application for a license must be submitted on a form prescribed by the department and must include the information required by the department.

(c) An application submitted under this section must indicate whether any individuals described in section 35(b)(2) or 35(b)(3) of this chapter:

- (1) are, at the time of the application, under indictment for a felony under the laws of Indiana or any other jurisdiction; or
- (2) have been convicted of or pleaded guilty or nolo contendere to a felony under the laws of Indiana or any other jurisdiction.

(d) The director may request evidence of compliance with this section at:

- (1) the time of application;
- (2) the time of renewal of a license; or
- (3) any other time considered necessary by the director.

(e) For purposes of subsection (d), evidence of compliance may include:

- (1) criminal background checks, including a national criminal history background check (as defined in IC 10-13-3-12) by the Federal Bureau of Investigation for an individual described in section 35(b)(2) or 35(b)(3) of this chapter;
- (2) credit histories; and
- (3) other background checks considered necessary by the director.

If the director requests a national criminal history background check under subdivision (1) for an individual described in that subdivision, the director shall require the individual to submit fingerprints to the department or to the state police department, as appropriate, at the time evidence of compliance is requested under subsection (d). The individual to whom the request is made shall pay any fees or costs associated with the fingerprints and the national criminal history background check. The national criminal history background check may be used by the director to determine the individual's compliance

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with this section. The director or the department may not release the results of the national criminal history background check to any private entity.

(f) If the department of state revenue notifies the department that a person is on the most recent tax warrant list, the department shall not issue or renew the person's license until:

- (1) the person provides to the department a statement from the department of state revenue that the person's tax warrant has been satisfied; or**
- (2) the department receives a notice from the commissioner of the department of state revenue under IC 6-8.1-8-2(k).**

SECTION 135. IC 28-8-5-11, AS AMENDED BY P.L.35-2010, SECTION 185, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 11. (a) A person shall not engage in the business of cashing checks for consideration without first obtaining a license.

(b) Each application for a license shall be in writing in such form as the director may prescribe and shall include all of the following:

- (1) The following information pertaining to the applicant:
 - (A) Name.
 - (B) Residence address.
 - (C) Business address.
- (2) The following information pertaining to any individual described in section 12(b)(1) of this chapter:
 - (A) Name.
 - (B) Residence address.
 - (C) Business address.
 - (D) Whether the person:
 - (i) is, at the time of the application, under indictment for a felony under the laws of Indiana or any other jurisdiction; or
 - (ii) has been convicted of or pleaded guilty or nolo contendere to a felony under the laws of Indiana or any other jurisdiction.
- (3) The address where the applicant's office or offices will be located. If any business, other than the business of cashing checks under this chapter, will be conducted by the applicant or another person at any of the locations identified under this subdivision, the applicant shall indicate for each location at which another business will be conducted:
 - (A) the nature of the other business;
 - (B) the name under which the other business operates;
 - (C) the address of the principal office of the other business;

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(D) the name and address of the business's resident agent in Indiana; and

(E) any other information that the director may require.

(4) If the department of state revenue notifies the department that a person is on the most recent tax warrant list, the department shall not issue or renew the person's license until:

(A) the person provides to the department a statement from the department of state revenue that the person's tax warrant has been satisfied; or

(B) the department receives a notice from the commissioner of the department of state revenue under IC 6-8.1-8-2(k).

~~(4)~~ **(5)** Such other data, financial statements, and pertinent information as the director may require.

(c) The application shall be filed with a nonrefundable fee fixed by the department under IC 28-11-3-5.

SECTION 136. IC 34-30-2-14.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 14.7. IC 5-14-3.5-5 (Concerning state and state officers, officials, and employees for posting certain confidential information).**

SECTION 137. IC 34-30-2-14.9 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 14.9. IC 5-14-3.7-6 and IC 5-14-3.8-4 (Concerning state employees for posting certain confidential information).**

SECTION 138. IC 36-1-12-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 3. (a) The board may purchase or lease materials in the manner provided in IC 5-22 and perform any public work, by means of its own workforce, without awarding a contract whenever the cost of that public work project is estimated to be less than one hundred **fifty** thousand dollars (~~\$100,000~~). **(\$150,000)**. Before a board may perform any work under this section by means of its own workforce, the political subdivision or agency must have a group of employees on its staff who are capable of performing the construction, maintenance, and repair applicable to that work. For purposes of this subsection, the cost of a public work project includes:

- (1) the actual cost of materials, labor, equipment, **and** rental;
- (2) a reasonable rate for use of trucks and heavy equipment owned; and
- (3) all other expenses incidental to the performance of the project.

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(b) This subsection applies only to a municipality or a county. The workforce of a municipality or county may perform a public work described in subsection (a) only if:

- (1) the workforce, through demonstrated skills, training, or expertise, is capable of performing the public work; and**
- (2) for a public work project under subsection (a) whose cost is estimated to be more than one hundred thousand dollars (\$100,000), the board:**

(A) publishes a notice under IC 5-3-1 that:

- (i) describes the public work that the board intends to perform with its own workforce; and**
- (ii) sets forth the projected cost of each component of the public work as described in subsection (a); and**

(B) determines at a public meeting that it is in the public interest to perform the public work with the board's own workforce.

A public work project performed by a board's own workforce must be inspected and accepted as complete in the same manner as a public work project performed under a contract awarded after receiving bids.

~~(b)~~ **(c)** When the project involves the rental of equipment with an operator furnished by the owner, or the installation or application of materials by the supplier of the materials, the project is considered to be a public work project and subject to this chapter. However, an annual contract may be awarded for equipment rental and materials to be installed or applied during a calendar or fiscal year if the proposed project or projects are described in the bid specifications.

~~(c)~~ **(d)** A board of aviation commissioners or an airport authority board may purchase or lease materials in the manner provided in IC 5-22 and perform any public work by means of its own workforce and owned or leased equipment, in the construction, maintenance, and repair of any airport roadway, runway, taxiway, or aircraft parking apron whenever the cost of that public work project is estimated to be less than ~~fifty one hundred~~ thousand dollars ~~(\$50,000)~~: **(\$100,000)**.

~~(d)~~ **(e)** Municipal and county hospitals must comply with this chapter for all contracts for public work that are financed in whole or in part with cumulative building fund revenue, as provided in section 1(c) of this chapter. However, if the cost of the public work is estimated to be less than fifty thousand dollars (\$50,000), as reflected in the board minutes, the hospital board may have the public work done without receiving bids, by purchasing the materials and performing the work by means of its own workforce and owned or leased equipment.

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(f) If a public works project involves a structure, an improvement, or a facility under the control of a department (as defined in IC 4-3-19-2(2)), the department may not artificially divide the project to bring any part of the project under this section.

SECTION 139. IC 36-1-12-4, AS AMENDED BY P.L.113-2010, SECTION 108, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 4. (a) This section applies whenever the cost of a public work project will be:

- (1) at least seventy-five thousand dollars (\$75,000) in:
 - (A) a consolidated city or second class city;
 - (B) a county containing a consolidated city or second class city; or
 - (C) a regional water or sewage district established under IC 13-26; or
- (2) at least fifty thousand dollars (\$50,000) in a political subdivision or an agency not described in subdivision (1):
 - (1) except as provided in subdivision (2), at least one hundred fifty thousand dollars (\$150,000); or
 - (2) in the case of a board of aviation commissioners or an airport authority board, at least one hundred thousand dollars (\$100,000).

- (b) The board must comply with the following procedure:
 - (1) The board shall prepare general plans and specifications describing the kind of public work required, but shall avoid specifications which might unduly limit competition. If the project involves the resurfacing (as defined by IC 8-14-2-1) of a road, street, or bridge, the specifications must show how the weight or volume of the materials will be accurately measured and verified.
 - (2) The board shall file the plans and specifications in a place reasonably accessible to the public, which shall be specified in the notice required by subdivision (3).
 - (3) Upon the filing of the plans and specifications, the board shall publish notice in accordance with IC 5-3-1 calling for sealed proposals for the public work needed.
 - (4) The notice must specify the place where the plans and specifications are on file and the date fixed for receiving bids.
 - (5) The period of time between the date of the first publication and the date of receiving bids shall be governed by the size of the contemplated project in the discretion of the board. The period of time between the date of the first publication and receiving bids may not be more than:

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(A) six (6) weeks if the estimated cost of the public works project is less than twenty-five million dollars (\$25,000,000); and

(B) ten (10) weeks if the estimated cost of the public works project is at least twenty-five million dollars (\$25,000,000).

(6) ~~If the cost of a project is one hundred thousand dollars (\$100,000) or more,~~ The board shall require the bidder to submit a financial statement, a statement of experience, a proposed plan or plans for performing the public work, and the equipment that the bidder has available for the performance of the public work. The statement shall be submitted on forms prescribed by the state board of accounts.

(7) The board may not require a bidder to submit a bid before the meeting at which bids are to be received. The meeting for receiving bids must be open to the public. All bids received shall be opened publicly and read aloud at the time and place designated and not before.

(8) Except as provided in subsection (c) **or (after June 30, 2011) section 22 of this chapter,** the board shall:

(A) award the contract for public work or improvements to the lowest responsible and responsive bidder; or

(B) reject all bids submitted.

(9) If the board awards the contract to a bidder other than the lowest bidder, the board must state in the minutes or memoranda, at the time the award is made, the factors used to determine which bidder is the lowest responsible and responsive bidder and to justify the award. The board shall keep a copy of the minutes or memoranda available for public inspection.

(10) In determining whether a bidder is responsive, the board may consider the following factors:

(A) Whether the bidder has submitted a bid or quote that conforms in all material respects to the specifications.

(B) Whether the bidder has submitted a bid that complies specifically with the invitation to bid and the instructions to bidders.

(C) Whether the bidder has complied with all applicable statutes, ordinances, resolutions, or rules pertaining to the award of a public contract.

(11) In determining whether a bidder is a responsible bidder, the board may consider the following factors:

(A) The ability and capacity of the bidder to perform the work.

(B) The integrity, character, and reputation of the bidder.

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- (C) The competence and experience of the bidder.
- (12) The board shall require the bidder to submit an affidavit:
 - (A) that the bidder has not entered into a combination or agreement:
 - (i) relative to the price to be bid by a person;
 - (ii) to prevent a person from bidding; or
 - (iii) to induce a person to refrain from bidding; and
 - (B) that the bidder's bid is made without reference to any other bid.

(c) Notwithstanding subsection (b)(8), a county may award sand, gravel, asphalt paving materials, or crushed stone contracts to more than one (1) responsible and responsive bidder if the specifications allow for bids to be based upon service to specific geographic areas and the contracts are awarded by geographic area. The geographic areas do not need to be described in the specifications.

SECTION 140. IC 36-1-12-4.7, AS AMENDED BY P.L.195-2007, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 4.7. (a) This section applies whenever a public work project is estimated to cost:

(1) at least twenty-five thousand dollars (\$25,000) and less than one hundred thousand dollars (\$100,000) in:

- (A) a consolidated city, second class city, or third class city with a population of fifteen thousand (15,000) or more;
- (B) a county containing a consolidated city or second class city; or
- (C) a regional water or sewage district established under IC 13-26; or

(2) at least twenty-five thousand dollars (\$25,000) and less than fifty thousand dollars (\$50,000) in a political subdivision or agency not described in subdivision (1):

- (1) except as provided in subdivision (2), at least fifty thousand dollars (\$50,000) and less than one hundred fifty thousand dollars (\$150,000); or
- (2) in the case of a board of aviation commissioners or an airport authority board, at least fifty thousand dollars (\$50,000) and less than one hundred thousand dollars (\$100,000).

- (b) The board must proceed under the following provisions:
 - (1) The board shall invite quotes from at least three (3) persons known to deal in the class of work proposed to be done by mailing them a notice stating that plans and specifications are on file in a specified office. The notice must be mailed not less than seven (7)

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days before the time fixed for receiving quotes.

(2) The board may not require a person to submit a quote before the meeting at which quotes are to be received. The meeting for receiving quotes must be open to the public. All quotes received shall be opened publicly and read aloud at the time and place designated and not before.

(3) **Except as permitted in section 22 of this chapter after June 30, 2011**, the board shall award the contract for the public work to the lowest responsible and responsive quoter.

(4) The board may reject all quotes submitted.

SECTION 141. IC 36-1-12-5, AS AMENDED BY P.L.195-2007, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 5. (a) This section applies whenever a public work project is estimated to cost less than fifty thousand dollars (\$50,000). Except as provided in subsection (g) for local boards of aviation commissioners and local airport authorities, if a contract is to be awarded, the board may proceed under section 4 of this chapter or under subsection (b) or (c).

(b) The board must proceed under the following provisions:

(1) The board shall invite quotes from at least three (3) persons known to deal in the class of work proposed to be done by mailing them a notice stating that plans and specifications are on file in a specified office. The notice must be mailed not less than seven (7) days before the time fixed for receiving quotes.

(2) The board may not require a person to submit a quote before the meeting at which quotes are to be received. The meeting for receiving quotes must be open to the public. All quotes received shall be opened publicly and read aloud at the time and place designated and not before.

(3) **Except as permitted in section 22 of this chapter**, the board shall award the contract for the public work to the lowest responsible and responsive quoter.

(4) The board may reject all quotes submitted.

(5) If the board rejects all quotes under subdivision (4), ~~of this section~~, the board may negotiate and enter into agreements for the work in the open market without inviting or receiving quotes if the board establishes in writing the reasons for rejecting the quotes.

(c) The board may not proceed under subsection (b) for the resurfacing (as defined in IC 8-14-2-1) of a road, street, or bridge, unless:

(1) the weight or volume of the materials in the project is capable

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of accurate measurement and verification; and

(2) the specifications define the geographic points at which the project begins and ends.

(d) For the purposes of this section, if contiguous sections of a road, street, or bridge are to be resurfaced in a calendar year, all of the work shall be considered to comprise a single public work project.

(e) The board may purchase or lease supplies in the manner provided in IC 5-22 and perform the public work by means of its own workforce without awarding a public work contract.

(f) Before the board may perform any work under this section by means of its own workforce, the political subdivision or agency must have a group of employees on its staff who are capable of performing the construction, maintenance, and repair applicable to that work.

(g) This subsection applies to local boards of aviation commissioners operating under IC 8-22-2 and local airport authorities operating under IC 8-22-3. If the contract is to be awarded by a board to which this subsection applies, or to a designee of the board under subsection (h), the board or its designee may proceed under section 4 of this chapter or under the following provisions. The board or its designee may invite quotes from at least three (3) persons known to deal in the class of work proposed to be done by mailing the persons a copy of the plans and specifications for the work not less than seven (7) days before the time fixed for receiving quotes. If the board or its designee receives a satisfactory quote, the board or its designee shall award the contract to the lowest responsible and responsive quoter for the class of work required **except as permitted in section 22 of this chapter**. The board or its designee may reject all quotes submitted and, if no valid quotes are received for the class of work, contract for the work without further invitations for quotes.

(h) The board may delegate its authority to award a contract for a public works project that is estimated to cost less than fifty thousand dollars (\$50,000) to the airport personnel in charge of airport public works projects.

(i) Quotes for public works projects costing less than twenty-five thousand dollars (\$25,000) may be obtained by soliciting at least three (3) quotes by telephone or facsimile transmission. The seven (7) day waiting period required by subsection (b)(1) does not apply to quotes solicited under this subsection.

SECTION 142. IC 36-1-12-22 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 22. (a) The definitions in IC 5-22-15, including the definitions in IC 5-22-15-20.9, apply in**

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this section.

(b) The procedures described in IC 5-22-15 for determining adjusted offers, price preference percentage, and total adjusted offers apply in this section.

(c) The price preferences stated in IC 5-22-15-20.9 apply in this section.

(d) Notwithstanding provisions of this chapter that require the award of a contract to the lowest responsive and responsible bidder or the lowest responsive and responsible quoter, but subject to subsection (e), a contract shall be awarded to the lowest responsive and responsible local Indiana business that claims the preference provided by this section.

(e) Notwithstanding subsection (d), a contract shall be awarded to the lowest responsive and responsible bidder or quoter, regardless of the preference provided in this section, if the lowest responsive and responsible bidder or quoter is a local Indiana business.

(f) A bidder or quoter that wants to claim the preference under this section must claim the preference in the same manner that a business claims the preference under IC 5-22-15-20.9(f).

SECTION 143. IC 36-7-4-205 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 205. (a) ADVISORY. A municipal plan commission shall adopt a comprehensive plan, as provided for under the 500 series of the advisory planning law, for the development of the municipality. For comprehensive plans adopted after July 1, 1999, if:

- (1) the municipality provides municipal services to the contiguous unincorporated area; or
- (2) the municipal plan commission obtains the approval of the county legislative body of each affected county;

the municipal plan commission may provide in the comprehensive plan for the development of the contiguous unincorporated area, designated by the commission, that is outside the corporate boundaries of the municipality, and that, in the judgment of the commission, bears reasonable relation to the development of the municipality. **For purposes of this section, participation of a municipality in a fire protection territory established under IC 36-8-19 that includes unincorporated areas contiguous to the municipality may not be treated as providing municipal services to the contiguous unincorporated areas.**

(b) ADVISORY. Except as limited by the boundaries of unincorporated areas subject to the jurisdiction of other municipal plan

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commissions, an area designated under this section may include any part of the contiguous unincorporated area within two (2) miles from the corporate boundaries of the municipality. If, however, the corporate boundaries of the municipality or the boundaries of that contiguous unincorporated area include any part of the public waters or shoreline of a lake (which lies wholly within Indiana), the designated area may also include:

- (1) any part of those public waters and shoreline of the lake; and
- (2) any land area within two thousand five hundred (2,500) feet from that shoreline.

(c) **ADVISORY.** Before exercising their rights, powers, and duties of the advisory planning law with respect to an area designated under this section, a municipal plan commission must file, with the recorder of the county in which the municipality is located, a description or map defining the limits of that area. If the commission revises the limits, it shall file, with the recorder, a revised description or map defining those revised limits.

(d) **ADVISORY.** If any part of the contiguous unincorporated area within the potential jurisdiction of a municipal plan commission is also within the potential jurisdiction of another municipal plan commission, the first municipal plan commission may exercise territorial jurisdiction over that part of the area within the potential jurisdiction of both municipal plan commissions that equals the product obtained by multiplying a fraction, the numerator of which is the area within the corporate boundaries of that municipality and the denominator of which is the total area within the corporate boundaries of both municipalities times the area within the potential jurisdiction of both municipal plan commissions. Furthermore, this commission may exercise territorial jurisdiction within those boundaries, enclosing an area reasonably compact and regular in shape, that the municipal plan commission first acting designates.

(e) **ADVISORY.** If the legislative body of a county adopts a comprehensive plan and ordinance covering the unincorporated areas of the county, a municipal plan commission may not exercise jurisdiction, as provided in this section, over any part of that unincorporated area unless it is authorized by ordinance of the legislative body of the county. This ordinance may be initiated by the county legislative body or by petition duly signed and presented to the county auditor by:

- (1) not less than fifty (50) property owners residing in the area involved in the petition;
- (2) the county plan commission; or

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(3) the municipal plan commission.

Before final action on the ordinance by the county legislative body, the county plan commission must hold an advertised public hearing as required for other actions of the county plan commission under the advisory planning law. Upon the passage of the ordinance by the county legislative body and the subsequent acceptance of jurisdiction by the municipal plan commission, the municipal plan commission shall exercise the same rights, powers, and duties conferred in this section exclusively with respect to the contiguous unincorporated area. The jurisdiction of a municipal plan commission, as authorized under this subsection, may be terminated by ordinance at the discretion of the legislative body of the county, but only if the county has adopted a comprehensive plan for that area that is as comprehensive in scope and subject matter as that in effect by municipal ordinance.

(f) **ADVISORY.** Each municipal plan commission in a municipality located in a county having:

- (1) a population of less than ninety-five thousand (95,000); and
- (2) a county plan commission that has adopted, in accord with the advisory planning law, a comprehensive plan and ordinance covering the unincorporated areas of the county;

may, at any time, after filing notice with the county recorder and the county plan commission, exercise or reject territorial jurisdiction over any part of the area within two (2) miles of the corporate boundaries of that municipality and within that county, whether or not that commission has previously exercised that jurisdiction, if the municipality is providing municipal services to the area. Within sixty (60) days after receipt of that notice, the county plan commission and the county legislative body shall have the county comprehensive plan and ordinance revised to reflect the decision of the municipal plan commission exercising the option provided for in this subsection. If the municipality is not providing municipal services to the area, the municipal plan commission must obtain the approval of the county legislative body of each affected county before exercising jurisdiction.

(g) **AREA.** Wherever in the area planning law authority is conferred to establish a comprehensive plan or an ordinance for its enforcement, the authority applies everywhere:

- (1) within the county that is outside the municipalities; and
- (2) within each participating municipality.

(h) **ADVISORY—AREA.** Whenever a new town is incorporated in a county having a county plan commission or an area plan commission, that plan commission and its board of zoning appeals shall continue to exercise territorial jurisdiction within the town until the effective date

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of a town ordinance:

- (1) establishing an advisory plan commission under section 202(a) of this chapter; or
- (2) adopting the area planning law under section 202(b) or 204 of this chapter.

Beginning on that effective date, the planning and zoning functions of the town shall be exercised under the advisory planning law or area planning law, as the case may be.

SECTION 144. IC 36-7-13-12.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)]: **Sec. 12.3. (a) Notwithstanding any other provision of this chapter, the designation of any district after December 31, 2010, is subject to the requirements of this section.**

(b) An advisory commission on industrial development may not designate a district under section 12 or 12.1 of this chapter unless the advisory commission makes the following findings of fact:

(1) That the county or municipality applying for the designation satisfies each of the following requirements:

(A) That, as reported by the Indiana Real Estate Markets Report, the average selling price of homes located in the county or municipality has declined by at least fourteen percent (14%) over a one (1) year period occurring within the four (4) calendar years preceding the calendar year in which the application of the county or municipality is filed with the advisory commission on industrial development.

(B) That, as reported by the Indiana department of workforce development, the unemployment rate of the county or municipality was at least ten and four-tenths percent (10.4%) for any calendar month occurring in the calendar year preceding the calendar year in which the application of the county or municipality is filed with the advisory commission on industrial development.

(2) That the proposed district contains a site that is suitable for revitalization under this chapter and satisfies the following requirements:

(A) The site contains a vacated industrial building consisting of at least one million three hundred thousand (1,300,000) square feet of space.

(B) The vacated industrial building described by clause (A) contains at least eighty thousand (80,000) square feet of office space.

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(C) The site contains a reinforced concrete pad suitable for expanding the vacated industrial building by at least two hundred thousand (200,000) square feet.

(D) The site is serviced by a water treatment facility capable of treating all of the effluent discharged from the site.

(E) The site consists of at least one hundred twenty (120) acres of land.

(c) The legislative body of a county or municipality may not adopt an ordinance designating a district under section 10.5 of this chapter unless the legislative body makes the following findings of fact:

(1) That the county or municipality governed by the legislative body satisfies each of the following requirements:

(A) That, as reported by the Indiana Real Estate Markets Report, the average selling price of homes located in the county or municipality has declined by at least fourteen percent (14%) over a one (1) year period occurring within the four (4) calendar years preceding the calendar year in which the proposed ordinance is adopted.

(B) That, as reported by the Indiana department of workforce development, the unemployment rate of the county or municipality was at least ten and four-tenths percent (10.4%) for any calendar month occurring in the calendar year preceding the calendar year in which the proposed ordinance is adopted.

(2) That the proposed district contains a site that is suitable for revitalization under this chapter and satisfies the following requirements:

(A) The site contains a vacated industrial building consisting of at least one million three hundred thousand (1,300,000) square feet of space.

(B) The vacated industrial building described by clause (A) contains at least eighty thousand (80,000) square feet of office space.

(C) The site contains a reinforced concrete pad suitable for expanding the vacated industrial building by at least two hundred thousand (200,000) square feet.

(D) The site is serviced by a water treatment facility capable of treating all of the effluent discharged from the site.

(E) The site consists of at least one hundred twenty (120)

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acres of land.

(d) An advisory commission on industrial development or a legislative body that designates a district under this chapter shall include a copy of the findings made under subsection (b) or (c) when sending a copy of the resolution or ordinance designating the district to the budget agency for its approval.

(e) The budget agency may not approve the designation of a district until the budget agency confirms the findings of fact submitted under this section. If a resolution or ordinance is submitted to the budget agency without the findings of fact required by this section, the time in which the budget agency must take action on the resolution or ordinance as set forth in sections 10.5, 12, and 12.1 of this chapter is tolled until the findings of fact are submitted to the budget agency.

SECTION 145. IC 36-7-13-14, AS AMENDED BY P.L.113-2010, SECTION 132, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 14. (a) This section does not apply to a district that:

- (1) is described in section 23(a) of this chapter; and
- (2) is not selected by the advisory commission to receive an allocation of income tax incremental amount and the gross retail incremental amount under this chapter.

(b) (a) Before the first business day in October of each year, the department shall calculate the income tax incremental amount and the gross retail incremental amount for the preceding state fiscal year for each district designated under this chapter.

(c) (b) Businesses operating in the district shall report, in the manner and in the form prescribed by the department, information that the department determines necessary to calculate incremental gross retail, use, and income taxes.

(d) (c) Not later than sixty (60) days after receiving a certification of a district's modified boundaries under section 12.5(c) of this chapter, the department shall recalculate the income tax incremental amount and the gross retail incremental amount for the preceding state fiscal year for a district modified under section 12.5 of this chapter.

SECTION 146. IC 36-7-13-15, AS AMENDED BY P.L.113-2010, SECTION 133, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 15. (a) This section does not apply to a district that:

- (1) is described in section 23(a) of this chapter; and
- (2) is not selected by the advisory commission to receive an allocation of income tax incremental amount and the gross retail

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incremental amount under this chapter.

~~(b)~~ (a) If an advisory commission on industrial development designates a district under this chapter or the legislative body of a county or municipality adopts an ordinance designating a district under section 10.5 of this chapter, the treasurer of state shall establish an incremental tax financing fund for the district. The fund shall be administered by the treasurer of state. Money in the fund does not revert to the state general fund at the end of a state fiscal year.

~~(c)~~ (b) Subject to subsection ~~(d)~~; (c), the following amounts shall be deposited during each state fiscal year in the incremental tax financing fund established for the district under subsection (a):

- (1) The aggregate amount of state gross retail and use taxes that are remitted under IC 6-2.5 by businesses operating in the district, until the amount of state gross retail and use taxes deposited equals the gross retail incremental amount for the district.
- (2) The aggregate amount of state and local income taxes paid by employees employed in the district with respect to wages earned for work in the district, until the amount of state and local income taxes deposited equals the income tax incremental amount.

~~(d)~~ (c) **Except as provided in subsection (e)**, the aggregate amount of revenues that is:

- (1) attributable to:
 - (A) the state gross retail and use taxes established under IC 6-2.5; and
 - (B) the adjusted gross income tax established under IC 6-3-1 through IC 6-3-7; and
- (2) deposited during any state fiscal year in each incremental tax financing fund established for a district;

may not exceed one million dollars (\$1,000,000) per district designated under section 10.5 or 12 of this chapter and seven hundred fifty thousand dollars (\$750,000) per district for a district designated under section 10.1 or 12.1 of this chapter.

~~(e)~~ (d) On or before the twentieth day of each month, all amounts held in the incremental tax financing fund established for a district shall be distributed to the district's advisory commission on industrial development for deposit in the industrial development fund of the unit that requested designation of the district.

(e) The aggregate amount of revenues that is:

- (1) **attributable to:**
 - (A) **the state gross retail and use taxes established under IC 6-2.5; and**
 - (B) **the adjusted gross income tax established under**

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**IC 6-3-1 through IC 6-3-7; and
(2) deposited during any state fiscal year in the incremental
tax financing funds established for the districts located in
Delaware County;
may not exceed two million dollars (\$2,000,000).**

SECTION 147. IC 36-7-14-15, AS AMENDED BY P.L.146-2008,
SECTION 725, IS AMENDED TO READ AS FOLLOWS
[EFFECTIVE JULY 1, 2011]: Sec. 15. (a) Whenever the
redevelopment commission finds that:

- (1) an area in the territory under its jurisdiction is an area needing redevelopment;
- (2) the conditions described in IC 36-7-1-3 cannot be corrected in the area by regulatory processes or the ordinary operations of private enterprise without resort to this chapter;
- (3) the public health and welfare will be benefited by:
 - (A) the acquisition and redevelopment of the area under this chapter as a redevelopment project area; or
 - (B) the amendment of the resolution or plan, or both, for an existing redevelopment project area; and
- (4) in the case of an amendment to the resolution or plan for an existing redevelopment project area:
 - (A) the amendment is reasonable and appropriate when considered in relation to the original resolution or plan and the purposes of this chapter; **and**
 - (B) the resolution or plan, with the proposed amendment, conforms to the comprehensive plan for the unit; **and**
 - ~~(C) except as provided by subsection (f); if the amendment enlarges the boundaries of the area; the existing area does not generate sufficient revenue to meet the financial obligations of the original project;~~

the commission shall cause to be prepared the data described in subsection (b).

(b) After making a finding under subsection (a), the commission shall cause to be prepared:

- (1) maps and plats showing:
 - (A) the boundaries of the area in which property would be acquired for, or otherwise affected by, the establishment of a redevelopment project area or the amendment of the resolution or plan for an existing area;
 - (B) the location of the various parcels of property, streets, alleys, and other features affecting the acquisition, clearance, remediation, replatting, replanning, rezoning, or

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redevelopment of the area, indicating any parcels of property to be excluded from the acquisition or otherwise excluded from the effects of the establishment of the redevelopment project area or the amendment of the resolution or plan for an existing area; and

(C) the parts of the area acquired, if any, that are to be devoted to public ways, levees, sewerage, parks, playgrounds, and other public purposes under the redevelopment plan;

(2) lists of the owners of the various parcels of property proposed to be acquired for, or otherwise affected by, the establishment of an area or the amendment of the resolution or plan for an existing area; and

(3) an estimate of the costs, if any, to be incurred for the acquisition and redevelopment of property.

(c) This subsection applies to the initial establishment of a redevelopment project area. After completion of the data required by subsection (b), the redevelopment commission shall adopt a resolution declaring that:

(1) the area needing redevelopment is a menace to the social and economic interest of the unit and its inhabitants;

(2) it will be of public utility and benefit to acquire the area and redevelop it under this chapter; and

(3) the area is designated as a redevelopment project area for purposes of this chapter.

The resolution must state the general boundaries of the redevelopment project area, and that the department of redevelopment proposes to acquire all of the interests in the land within the boundaries, with certain designated exceptions, if there are any.

(d) This subsection applies to the amendment of the resolution or plan for an existing redevelopment project area. After completion of the data required by subsection (b), the redevelopment commission shall adopt a resolution declaring that:

~~(1) except as provided by subsection (f), if the amendment enlarges the boundaries of the area, the existing area does not generate sufficient revenue to meet the financial obligations of the original project;~~

~~(2) (1) it will be of public utility and benefit to amend the resolution or plan for the area; and~~

~~(3) (2) any additional area to be acquired under the amendment is designated as part of the existing redevelopment project area for purposes of this chapter.~~

The resolution must state the general boundaries of the redevelopment

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project area, including any changes made to those boundaries by the amendment, and describe the activities that the department of redevelopment is permitted to take under the amendment, with any designated exceptions.

(e) For the purpose of adopting a resolution under subsection (c) or (d), it is sufficient to describe the boundaries of the redevelopment project area by its location in relation to public ways or streams, or otherwise, as determined by the commissioners. Property excepted from the application of a resolution may be described by street numbers or location.

(f) The redevelopment commission is not required to make the finding and declaration described in subsections (a)(4)(C) and (d)(1) concerning the enlargement of the boundaries of an existing redevelopment project area if, before the adoption of the resolution under subsection (d), the Indiana economic development corporation issues a finding approving the enlargement of the boundaries. Before issuing a finding under this subsection, the Indiana economic development corporation must consider whether the enlargement of the boundaries will:

- (1) lead to increased investment in Indiana;
- (2) foster job creation or job retention in Indiana;
- (3) have a positive impact on the unit in which the redevelopment project area is located; or
- (4) otherwise benefit the people of Indiana by increasing opportunities for employment in Indiana and strengthening the economy of Indiana.

SECTION 148. IC 36-7-14-25.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 25.5. (a) Notwithstanding any other law, the legislative body may pledge revenues received or to be received by the unit from:

- (1) the unit's:
 - (A) **certified shares of the county adjusted gross income tax under IC 6-3.5-1.1;**
 - (B) distributive share of the county option income tax under IC 6-3.5-6; or
 - (C) **distributions of county economic development income tax revenue under IC 6-3.5-7;**
- (2) any other source legally available to the unit for the purposes of this chapter; or
- (3) any combination of revenues under subdivisions (1) through (2);

in any amount to pay amounts payable under section 25.1 or 25.2 of

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this chapter.

(b) The legislative body may covenant to adopt an ordinance to increase its tax rate under the county option income tax or any other revenues at the time it is necessary to raise funds to pay any amounts payable under section 25.1 or 25.2 of this chapter.

(c) The commission may pledge revenues received or to be received from any source legally available to the commission for the purposes of this chapter in any amount to pay amounts payable under section 25.1 or 25.2 of this chapter.

(d) The pledge or the covenant under this section may be for the life of the bonds issued under section 25.1 of this chapter, the term of a lease entered into under section 25.2 of this chapter, or for a shorter period as determined by the legislative body. Money pledged by the legislative body under this section shall be considered revenues or other money available to the commission under sections 25.1 through 25.2 of this chapter.

(e) The general assembly covenants not to impair this pledge or covenant so long as any bonds issued under section 25.1 of this chapter are outstanding or as long as any lease entered into under section 25.2 of this chapter is still in effect. The pledge or covenant shall be enforced as provided in IC 5-1-14-4.

SECTION 149. IC 36-7-14-39.3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 39.3. (a) As used in this section, "depreciable personal property" refers to:

- (1) all of the designated taxpayer's depreciable personal property that is located in the allocation area; and
- (2) all other depreciable property located and taxable on the designated taxpayer's site of operations within the allocation area.

(b) As used in this section, "designated taxpayer" means any taxpayer designated by the commission in a declaratory resolution adopted or amended under section 15 or 17.5 of this chapter, and with respect to which the commission finds that taxes to be derived from the depreciable personal property in the allocation area, in excess of the taxes attributable to the base assessed value of that personal property, are needed to pay debt service or to provide security for bonds issued under section 25.1 of this chapter or to make payments or to provide security on leases payable under section 25.2 of this chapter in order to provide local public improvements for a particular allocation area. However, a commission may not designate a taxpayer after June 30, 1992, unless the commission also finds that:

- (1) the taxpayer's property in the allocation area will consist primarily of industrial, manufacturing, warehousing, research and

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development, processing, distribution, or transportation related projects **or regulated amusement devices (as defined in IC 22-12-1-19.1) and related improvements;** and

(2) the taxpayer's property in the allocation area will not consist primarily of retail, commercial, or residential projects, **other than an amusement park or tourism industry project.**

(c) The allocation provision of a declaratory resolution may modify the definition of "property taxes" under section 39(a) of this chapter to include taxes imposed under IC 6-1.1 on the depreciable personal property located and taxable on the site of operations of the designated taxpayers in accordance with the procedures and limitations set forth in this section and section 39 of this chapter. If such a modification is included in the resolution, for purposes of section 39 of this chapter the term "base assessed value" with respect to the depreciable personal property means the net assessed value of all the depreciable personal property as finally determined for the assessment date immediately preceding:

(1) the effective date of the modification, for modifications adopted before July 1, 1995; and

(2) the adoption date of the modification for modifications adopted after June 30, 1995;

as adjusted under section 39(h) of this chapter.

SECTION 150. IC 36-7-14-41, AS AMENDED BY P.L.146-2008, SECTION 739, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 41. (a) The commission may, by following the procedures set forth in sections 15 through 17 of this chapter, approve a plan for and determine that a geographic area in the redevelopment district is an economic development area. Designation of an economic development area is subject to judicial review in the manner prescribed in section 18 of this chapter.

(b) The commission may determine that a geographic area is an economic development area if it finds that:

(1) the plan for the economic development area:

(A) promotes significant opportunities for the gainful employment of its citizens;

(B) attracts a major new business enterprise to the unit;

(C) retains or expands a significant business enterprise existing in the boundaries of the unit; or

(D) meets other purposes of this section and sections 2.5 and 43 of this chapter;

(2) the plan for the economic development area cannot be achieved by regulatory processes or by the ordinary operation of

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private enterprise without resort to the powers allowed under this section and sections 2.5 and 43 of this chapter because of:

- (A) lack of local public improvement;
 - (B) existence of improvements or conditions that lower the value of the land below that of nearby land;
 - (C) multiple ownership of land; or
 - (D) other similar conditions;
- (3) the public health and welfare will be benefited by accomplishment of the plan for the economic development area;
- (4) the accomplishment of the plan for the economic development area will be a public utility and benefit as measured by:
- (A) the attraction or retention of permanent jobs;
 - (B) an increase in the property tax base;
 - (C) improved diversity of the economic base; or
 - (D) other similar public benefits; and
- (5) the plan for the economic development area conforms to other development and redevelopment plans for the unit.

(c) The determination that a geographic area is an economic development area must be approved by the unit's legislative body. The approval may be given either before or after judicial review is requested. The requirement that the unit's legislative body approve economic development areas does not prevent the commission from amending the plan for the economic development area. However, the enlargement of any boundary in the economic development area must be approved by the unit's legislative body. ~~and a boundary may not be enlarged unless:~~

- ~~(1) the existing area does not generate sufficient revenue to meet the financial obligations of the original project; or~~
- ~~(2) the Indiana economic development corporation has, in the manner provided by section 15(f) of this chapter, made a finding approving the enlargement of the boundary.~~

SECTION 151. IC 36-7-15.1-8, AS AMENDED BY P.L.146-2008, SECTION 745, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 8. (a) Whenever the commission finds that:

- (1) an area in the redevelopment district is an area needing redevelopment;
- (2) the conditions described in IC 36-7-1-3 cannot be corrected in the area by regulatory processes or by the ordinary operations of private enterprise without resort to this chapter; and
- (3) the public health and welfare will be benefited by:
 - (A) the acquisition and redevelopment of the area under this

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chapter as a redevelopment project area or an urban renewal area; or

(B) the amendment of the resolution or plan, or both, for an existing redevelopment project area or urban renewal area; and

(4) in the case of an amendment to the resolution or plan for an existing redevelopment project area or urban renewal area:

(A) the amendment is reasonable and appropriate when considered in relation to the original resolution or plan and the purposes of this chapter; **and**

(B) the resolution or plan, with the proposed amendment, conforms to the comprehensive plan for the unit; **and**

~~(C) except as provided by subsection (f), if the amendment enlarges the boundaries of the area, the existing area does not generate sufficient revenue to meet the financial obligations of the original project;~~

the commission shall cause to be prepared a redevelopment or urban renewal plan.

(b) The redevelopment or urban renewal plan must include:

(1) maps, plats, or maps and plats, showing:

(A) the boundaries of the area in which property would be acquired for, or otherwise affected by, the establishment of a redevelopment project area or urban renewal area, or the amendment of the resolution or plan for an existing area;

(B) the location of the various parcels of property, public ways, and other features affecting the acquisition, clearance, replatting, replanning, rezoning, or redevelopment of the area or areas, indicating any parcels of property to be excluded from the acquisition or otherwise excluded from the effects of the establishment of the redevelopment project area or the amendment of the resolution or plan for an existing area; and

(C) the parts of the area acquired that are to be devoted to public ways, levees, sewerage, parks, playgrounds, and other public purposes;

(2) lists of the owners of the various parcels of property proposed to be acquired for, or otherwise affected by, the establishment of an area or the amendment of the resolution or plan for an existing area; and

(3) an estimate of the costs, if any, to be incurred for the acquisition and redevelopment of property.

(c) This subsection applies to the initial establishment of a redevelopment project area or urban renewal area. After completion of the data required by subsection (b), the commission shall adopt a

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resolution declaring that:

- (1) the area needing redevelopment is a detriment to the social or economic interests of the consolidated city and its inhabitants;
- (2) it will be of public utility and benefit to acquire the area and redevelop it under this chapter; and
- (3) the area is designated as a redevelopment project area for purposes of this chapter.

The resolution must state the general boundaries of the redevelopment project area and identify the interests in real or personal property, if any, that the department proposes to acquire in the area.

(d) This subsection applies to the amendment of the resolution or plan for an existing redevelopment project area or urban renewal area. After completion of the data required by subsection (b), the redevelopment commission shall adopt a resolution declaring that:

- ~~(1)~~ except as provided by subsection ~~(f)~~, if the amendment enlarges the boundaries of the area, the existing area does not generate sufficient revenue to meet the financial obligations of the original project;
- ~~(2)~~ **(1)** it will be of public utility and benefit to amend the resolution or plan for the area; and
- ~~(3)~~ **(2)** any additional area to be acquired under the amendment is designated as part of the existing redevelopment project area or urban renewal area for purposes of this chapter.

The resolution must state the general boundaries of the redevelopment project area or urban renewal area, including any changes made to those boundaries by the amendment, and describe the activities that the department is permitted to take under the amendment, with any designated exceptions.

(e) For the purpose of adopting a resolution under subsection (c) or (d), it is sufficient to describe the boundaries of the redevelopment project area by its location in relation to public ways or streams, or otherwise, as determined by the commission. Property proposed for acquisition may be described by street numbers or location.

~~(f) The commission is not required to make the finding and declaration described in subsections (a)(4)(C) and (d)(1) concerning the enlargement of the boundaries of an existing redevelopment project area or urban renewal area if, before the adoption of the resolution under subsection (d), the Indiana economic development corporation issues a finding approving the enlargement of the boundaries. Before issuing a finding under this subsection, the Indiana economic development corporation must consider whether the enlargement of the boundaries will:~~

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- (1) lead to increased investment in Indiana;
- (2) foster job creation or job retention in Indiana;
- (3) have a positive impact on the unit in which the area is located;
- or
- (4) otherwise benefit the people of Indiana by increasing opportunities for employment in Indiana and strengthening the economy of Indiana.

SECTION 152. IC 36-7-15.1-17.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 17.5. (a) Notwithstanding any other law, the legislative body may pledge revenues received or to be received by the unit from:

- (1) the unit's:
 - (A) **certified shares of the county adjusted gross income tax under IC 6-3.5-1.1;**
 - (B) distributive share of the county option income tax under IC 6-3.5-6; or
 - (C) **distributions of county economic development income tax revenue under IC 6-3.5-7;**
- (2) any other source legally available to the unit for the purposes of this chapter; or
- (3) combination of revenues under subdivisions (1) through (2); in any amount to pay amounts payable under section 17 or 17.1 of this chapter.

(b) The legislative body may covenant to adopt an ordinance to increase its tax rate under the county option income tax or any other revenues at the time it is necessary to raise funds to pay any amounts payable under section 17 or 17.1 of this chapter.

(c) The commission may pledge revenues received or to be received from any source legally available to it for the purposes of this chapter in any amount to pay amounts payable under section 17 or 17.1 of this chapter.

(d) The pledge or the covenant under this section may be for the life of the bonds issued under section 17 of this chapter, the term of a lease entered into under section 17.1 of this chapter, or for a shorter period as determined by the legislative body. Money pledged by the legislative body under this section shall be considered revenues or other money available to the commission under sections 17 through 17.1 of this chapter.

(e) The general assembly covenants not to impair this pledge or covenant so long as any bonds issued under section 17 of this chapter are outstanding or as long as any lease entered into under section 17.1 of this chapter is still in effect. The pledge or covenant shall be

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enforced as provided in IC 5-1-14-4.

SECTION 153. IC 36-7-15.1-26.2, AS AMENDED BY P.L.234-2007, SECTION 205, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 26.2. (a) As used in this section, "depreciable personal property" refers to all of the designated taxpayer's depreciable personal property that is located in the allocation area.

(b) As used in this section, "designated taxpayer" means a taxpayer designated by the commission in a declaratory resolution adopted or amended under section 8 or 10.5 of this chapter, and with respect to which the commission finds that:

(1) taxes to be derived from the taxpayer's depreciable personal property in the allocation area, in excess of the taxes attributable to the base assessed value of that personal property, are needed to pay debt service for bonds issued under section 17 of this chapter or to make payments on leases payable under section 17.1 of this chapter in order to provide local public improvements for a particular allocation area;

(2) the taxpayer's property in the allocation area will consist primarily of industrial, manufacturing, warehousing, research and development, processing, distribution, transportation, or convention center hotel related projects **or regulated amusement devices (as defined in IC 22-12-1-19.1) and related improvements;** and

(3) the taxpayer's property in the allocation area will not consist primarily of retail, commercial, or residential projects, **other than an amusement park or tourism industry project.**

For purposes of subdivision (3), a convention center hotel project is not considered a retail, commercial, or residential project.

(c) The allocation provision of a declaratory resolution may modify the definition of "property taxes" under section 26(a) of this chapter to include taxes imposed under IC 6-1.1 on the depreciable personal property of designated taxpayers in accordance with the procedures and limitations set forth in this section and section 26 of this chapter. If such a modification is included in the resolution, for purposes of section 26 of this chapter the term "base assessed value" with respect to the depreciable personal property of designated taxpayers means the net assessed value of the depreciable personal property as finally determined for the assessment date immediately preceding:

(1) the effective date of the modification, for modifications adopted before July 1, 1995; and

(2) the adoption date of the modification for modifications

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adopted after June 30, 1995;
as adjusted under section 26(h) of this chapter.

SECTION 154. IC 36-7-15.1-29, AS AMENDED BY P.L.146-2008, SECTION 757, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 29. (a) The commission may, by following the procedures set forth in sections 8, 9, and 10 of this chapter, approve a plan for and determine that a geographic area in the redevelopment district is an economic development area. Designation of an economic development area is subject to judicial review in the manner prescribed in section 11 of this chapter.

(b) The commission may determine that a geographic area is an economic development area if it finds:

- (1) the plan for the economic development area:
 - (A) promotes significant opportunities for the gainful employment of its citizens;
 - (B) attracts a major new business enterprise to the unit;
 - (C) retains or expands a significant business enterprise existing in the boundaries of the unit; or
 - (D) meets other purposes of this section and sections 28 and 30 of this chapter;
- (2) the plan for the economic development area cannot be achieved by regulatory processes or by the ordinary operation of private enterprise without resort to the powers allowed under this section and sections 28 and 30 of this chapter because of:
 - (A) lack of local public improvement;
 - (B) existence of improvements or conditions that lower the value of the land below that of nearby land;
 - (C) multiple ownership of land; or
 - (D) other similar conditions;
- (3) the public health and welfare will be benefited by accomplishment of the plan for the economic development area;
- (4) the accomplishment of the plan for the economic development area will be a public utility and benefit as measured by:
 - (A) attraction or retention of permanent jobs;
 - (B) increase in the property tax base;
 - (C) improved diversity of the economic base; or
 - (D) other similar public benefits; and
- (5) the plan for the economic development area conforms to the comprehensive plan of development for the consolidated city.

(c) The determination that a geographic area is an economic development area must be approved by the city-county legislative body. The approval may be given either before or after judicial review is

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requested. The requirement that the city-county legislative body approve economic development areas does not prevent the commission from amending the plan for the economic development area. ~~However, the enlargement of any boundary in the economic development area must be approved by the city-county legislative body, and a boundary may not be enlarged unless:~~

- ~~(1) the existing area does not generate sufficient revenue to meet the financial obligations of the original project; or~~
- ~~(2) the Indiana economic development corporation has, in the manner provided by section 8(f) of this chapter, made a finding approving the enlargement of the boundary.~~

SECTION 155. IC 36-7-15.1-55 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 55. (a) As used in this section, "depreciable personal property" refers to all of the designated taxpayer's depreciable personal property that is located in the allocation area.

(b) As used in this section, "designated taxpayer" means a taxpayer designated by the commission in a declaratory resolution adopted or amended under section 40(a) or 40(b) of this chapter, and with respect to which the commission finds that:

- (1) taxes to be derived from the taxpayer's depreciable personal property in the allocation area, in excess of the taxes attributable to the base assessed value of that personal property, are needed to pay debt service for bonds issued under section 45 of this chapter to make payments on leases payable under section 46 of this chapter in order to provide local public improvements for a particular allocation area;
- (2) the taxpayer's property in the allocation area will consist primarily of industrial, manufacturing, warehousing, research and development, processing, distribution, or transportation related projects **or regulated amusement devices (as defined in IC 22-12-1-19.1) and related improvements;** and
- (3) the taxpayer's property in the allocation area will not consist primarily of retail, commercial, or residential projects, **other than an amusement park or tourism industry project.**

(c) The allocation provision of a declaratory resolution may modify the definition of "property taxes" under section 53(a) of this chapter to include taxes imposed under IC 6-1.1 on the depreciable personal property of designated taxpayers in accordance with the procedures and limitations set forth in this section and section 53 of this chapter. If such a modification is included in the resolution, for purposes of section 53 of this chapter, the term "base assessed value" with respect

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to the depreciable personal property of designated taxpayers means the net assessed value of the depreciable personal property as finally determined for the assessment date immediately preceding the adoption date of the modification as adjusted under section 53(h) of this chapter.

SECTION 156. IC 36-7-15.1-57, AS AMENDED BY P.L.146-2008, SECTION 766, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 57. (a) The commission may, by following the procedures set forth in sections 8, 9, and 10 of this chapter, approve a plan for and determine that a geographic area in the redevelopment district is an economic development area. Designation of an economic development area is subject to judicial review in the manner prescribed in section 11 of this chapter.

(b) The commission may determine that a geographic area is an economic development area if it finds that:

(1) the plan for the economic development area:

- (A) promotes significant opportunities for the gainful employment of its citizens;
- (B) attracts a major new business enterprise to the unit;
- (C) retains or expands a significant business enterprise existing in the boundaries of the unit; or
- (D) meets other purposes of this section and sections 28 and 58 of this chapter;

(2) the plan for the economic development area cannot be achieved by regulatory processes or by the ordinary operation of private enterprise without resort to the powers allowed under this section and sections 28 and 58 of this chapter because of:

- (A) lack of local public improvement;
- (B) existence of improvements or conditions that lower the value of the land below that of nearby land;
- (C) multiple ownership of land; or
- (D) other similar conditions;

(3) the public health and welfare will be benefited by accomplishment of the plan for the economic development area;

(4) the accomplishment of the plan for the economic development area will be of public utility and benefit as measured by:

- (A) attraction or retention of permanent jobs;
- (B) increase in the property tax base;
- (C) improved diversity of the economic base; or
- (D) other similar public benefits; and

(5) the plan for the economic development area conforms to the comprehensive plan of development for the county.

(c) The determination that a geographic area is an economic

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development area must be approved by the excluded city legislative body. The approval may be given either before or after judicial review is requested. The requirement that the excluded city legislative body approve economic development areas does not prevent the commission from amending the plan for the economic development area. ~~However, the enlargement of any boundary in the economic development area must be approved by the excluded city legislative body, and a boundary may not be enlarged unless:~~

- ~~(1) the existing area does not generate sufficient revenue to meet the financial obligations of the original project; or~~
- ~~(2) the Indiana economic development corporation has, in the manner provided by section 8(f) of this chapter, made a finding approving the enlargement of the boundary.~~

SECTION 157. IC 36-7-31.3-9, AS AMENDED BY P.L.214-2005, SECTION 72, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) A tax area must be initially established by resolution:

- (1) except as provided in subdivision (2) before July 1, 1999; or
- (2) before January 1, ~~2005~~, **2013**, in the case of:
 - (A) a second class city; ~~or~~
 - (B) the city of Marion; ~~or~~
 - (C) the city of Westfield;**

according to the procedures set forth for the establishment of an economic development area under IC 36-7-14. Before May 15, 2005, a tax area **established before January 1, 2005**, may be changed or the terms governing the tax area revised in the same manner as the establishment of the initial tax area. After May 14, 2005, a tax area **established before January 1, 2005**, may not be changed and the terms governing a tax area may not be revised. Only one (1) tax area may be created in each county.

(b) In establishing the tax area, the designating body must make the following findings instead of the findings required for the establishment of economic development areas:

- (1) Except for a tax area in a city having a population of:
 - (A) more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000); or
 - (B) more than ninety thousand (90,000) but less than one hundred five thousand (105,000);

there is a capital improvement that will be undertaken or has been undertaken in the tax area for a facility that is used by a professional sports franchise for practice or competitive sporting events. A tax area to which this subdivision applies may also

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include a capital improvement that will be undertaken or has been undertaken in the tax area for a facility that is used for any purpose specified in section 8(a)(2) of this chapter.

(2) For a tax area in a city having a population of more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000), there is a capital improvement that will be undertaken or has been undertaken in the tax area for a facility that is used for any purpose specified in section 8(a) of this chapter.

(3) For a tax area in a city having a population of more than ninety thousand (90,000) but less than one hundred five thousand (105,000), there is a capital improvement that will be undertaken or has been undertaken in the tax area for a facility that is used for any purpose specified in section 8(a)(2) of this chapter.

(4) The capital improvement that will be undertaken or that has been undertaken in the tax area will benefit the public health and welfare and will be of public utility and benefit.

(5) The capital improvement that will be undertaken or that has been undertaken in the tax area will protect or increase state and local tax bases and tax revenues.

(c) The tax area established under this chapter is a special taxing district authorized by the general assembly to enable the designating body to provide special benefits to taxpayers in the tax area by promoting economic development that is of public use and benefit.

SECTION 158. IC 36-7.6-4-2, AS ADDED BY P.L.232-2007, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 2. (a) Beginning January 1 of the year following the year in which a development authority is established, the fiscal officer of each county and each municipality that is a member of the development authority shall transfer the amount determined under subsection (b) to the development authority for deposit in the development authority fund.

(b) The amount of the transfer required each year by subsection (a) from each county and each municipality is equal to **the following**:

(1) Except as provided in subdivision (2), the amount that would be distributed to the county or the municipality as certified distributions of county economic development income tax revenue raised from a county economic development income tax rate of five-hundredths of one percent (0.05%) in the county.

(2) In the case of a county or municipality that becomes a member of a development authority after June 30, 2011, and before July 1, 2013, the amount that would be distributed to

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the county or municipality as certified distributions of county economic development income tax revenue raised from a county economic development income tax rate of twenty-five thousandths of one percent (0.025%) in the county.

(c) Notwithstanding subsection (b), if the additional county economic development income tax under IC 6-3.5-7-28 is in effect in a county, the obligations of the county and each municipality in the county under this section are satisfied by the transfer to the development fund of all county economic development income tax revenue derived from the additional tax and deposited in the county regional development authority fund.

(d) The following apply to the transfers required by this section:

(1) The transfers shall be made without appropriation by the fiscal body of the county or the fiscal body of the municipality.

(2) Except as provided in subdivision (3), the fiscal officer of each county and each municipality that is a member of the development authority shall transfer twenty-five percent (25%) of the total transfers due for the year before the last business day of January, April, July, and October of each year.

(3) County economic development income tax revenue derived from the additional county economic development income tax under IC 6-3.5-7-28 must be transferred to the development fund not more than thirty (30) days after being deposited in the county regional development fund.

(4) This subdivision does not apply to a county in which the additional county economic development income tax under IC 6-3.5-7-28 has been imposed or to any municipality in the county. The transfers required by this section may be made from any local revenue (other than property tax revenue) of the county or municipality, including excise tax revenue, income tax revenue, local option tax revenue, riverboat tax revenue, distributions, incentive payments, or money deposited in the county's or municipality's local major moves construction fund under IC 8-14-16.

SECTION 159. IC 36-8-19-6.3 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 6.3. A member of the legislative body of a unit may not vote on a proposed ordinance or resolution authorizing the unit to become a party to an agreement to join or establish a fire protection territory if that member is also an employee of:**

(1) another unit that is a participating unit in the fire

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protection territory; or

(2) another unit that is proposing to become a participating unit in the fire protection territory.

SECTION 160. IC 36-8-19-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) A tax levied under this chapter ~~must~~ may be levied at:

- (1) a uniform rate upon all taxable property within the territory; or
- (2) different rates for the **participating** units included within the territory, so long as a tax rate applies uniformly to all of a unit's taxable property within the territory.

(b) If a uniform tax rate is levied upon all taxable property within a territory upon the formation of the territory, different tax rates may be levied for the participating units included within the territory in subsequent years.

SECTION 161. THE FOLLOWING ARE REPEALED [EFFECTIVE JANUARY 1, 2012]: IC 6-1.1-18.5-4; IC 6-1.1-18.5-5.

SECTION 162. THE FOLLOWING ARE REPEALED [EFFECTIVE UPON PASSAGE]: IC 6-3.1-19-5.5; IC 36-7-13-23.

SECTION 163. [EFFECTIVE UPON PASSAGE] (a) In addition to any other requirements under IC 36-8-19-6(a), before the legislative body of a unit that desires to become part of a fire protection territory may adopt an ordinance or a resolution to form a territory, the legislative body of the unit must (notwithstanding IC 36-8-19-6(a)) do the following:

- (1) Hold a public hearing at least thirty (30) days before adopting an ordinance or a resolution to form a territory at which the legislative body makes available to the public the following information:
 - (A) The property tax levy, property tax rate, and budget to be imposed or adopted during the first year of the territory for each of the units that would participate in the proposed fire protection territory.
 - (B) The estimated effect of the proposed reorganization in the following years on taxpayers in each of the units that would participate in the proposed fire protection territory, including the expected property tax rates, property tax levies, expenditure levels, service levels, and annual debt service payments.
 - (C) The estimated effect of the proposed reorganization to other units in the county in the following years and to local option income taxes, excise taxes, and property tax circuit

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breaker credits.

(D) A description of the planned services and staffing levels to be provided in the proposed fire protection territory.

(E) A description of any capital improvements to be provided in the proposed fire protection territory.

(2) Hold at least one (1) additional public hearing before adopting an ordinance or a resolution to form a territory to receive public comment on the proposed ordinance or resolution.

The legislative body must give notice of the hearings under IC 5-3-1.

(b) In addition to the information required by IC 36-8-19-6(b), the notice required under that section must include the proposed levies and tax rates for each participating unit.

(c) This SECTION expires June 30, 2012.

SECTION 164. [EFFECTIVE UPON PASSAGE] (a) The department of local government finance shall review the tax rates and levies for each fire protection territory that is located in Hancock County and that has a uniform tax rate throughout the territory. The department of local government finance shall reconsider adjusting the tax levies for the participating units and whether different tax rates for fire protection services should be applied for the participating units included within the territory. In conducting its review, the department of local government finance shall consider the following factors and discuss the factors with each participating unit in the territory:

- (1) The population and change in population of each unit in the territory.
- (2) The assessed valuation and change of assessed valuation of real property in each unit in the territory.
- (3) The cost of providing fire service to each unit in the territory.
- (4) Comparisons to other jurisdictions providing similar fire service.
- (5) Previous tax rates and levies for fire protection.
- (6) Future needs and planned or expected expenses for fire service.
- (7) Other factors as determined by the department.

(b) This SECTION expires June 30, 2012.

SECTION 165. [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] (a) IC 6-3-2-2, as amended by this act, applies to taxable years beginning after December 31, 2010.

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(b) This SECTION expires January 1, 2014.

SECTION 166. [EFFECTIVE UPON PASSAGE] (a) The office of management and budget shall, with the assistance of the department of state revenue and the family and social services administration, conduct a study of the following:

(1) Issues related earned income tax credits provided under IC 6-3.1-21.

(2) Issues related to Medicaid fraud.

(b) The office of management and budget shall prepare a report containing its findings and recommendations and submit the report to the commission on state tax and financing policy in an electronic format under IC 5-14-6.

(c) This SECTION expires January 1, 2012.

SECTION 167. [EFFECTIVE UPON PASSAGE] (a) The commission on state tax and financing policy established under IC 2-5-3 shall, during the interim in 2011 between sessions of the general assembly, study the following:

(1) Issues related to fire protection territories, including the following:

(A) The formation process for territories.

(B) The establishment of tax rates and tax levies for territories, including tax rates for agricultural land.

(C) Other issues as determined by the commission.

(2) All aspects, including the advantages and disadvantages, of phasing out the state inheritance tax.

(3) Issues related to township assistance provided in Calumet Township in Lake County, including any effects on taxpayers in the town of Griffith.

(4) Whether commercial rental property should for property tax purposes be valued by using the lowest valuation determined by applying each of the appraisal approaches used for determining the assessed valuation of residential rental property under IC 6-1.1-4-39.

(5) Issues related to periodic or "rolling" reassessment.

(6) Whether a tax incentive for logistics and homeland security expenditures will provide a net gain in tax revenue and investment in Indiana.

(7) Methods for eliminating or reducing the personal property tax statewide and the appropriateness of allowing local government the option of eliminating or abating personal property tax, including the authority to offer deductions or exemptions for new investment and economic development

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purposes.

(8) Differences between the eligibility of nonprofit entities for federal income tax exemptions and the eligibility of nonprofit entities for Indiana property tax exemptions.

(9) Issues related to sales tax holidays.

(10) Internet sales and taxation.

(b) Before November 1, 2011, the commission on state tax and financing policy shall report its findings and any recommendations concerning the study topics described in subsection (a) in a final report to the legislative council in an electronic format under IC 5-14-6. The commission on state tax and financing policy shall also report its findings and any recommendations concerning issues related to township assistance provided in Calumet Township in Lake County (including any effects on taxpayers in the town of Griffith) to the House Committee on Government and Regulatory Reform. The House Committee on Government and Regulatory Reform shall review these findings and recommendations during the 2012 session of the general assembly.

(c) This SECTION expires January 1, 2012.

SECTION 168. [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] (a) This SECTION applies to a taxpayer, notwithstanding IC 6-1.1-3, IC 6-1.1-11, IC 6-1.1-17, IC 6-1.1-37, 50 IAC 4.2, 50 IAC 16, or any other statute or administrative rule.

(b) This section applies to an assessment date (as defined in IC 6-1.1-1-2) occurring after December 31, 2008, and before January 1, 2011.

(c) As used in this SECTION, "taxpayer" refers to an Indiana nonprofit corporation or trust that owns real and personal property located at one (1) of the following street addresses in Marion County:

- (1) 1544 Columbia Avenue.
- (2) 1926 Georgetown Road.
- (3) 4107 East Washington Street.
- (4) 7435 North Keystone Avenue.
- (5) 8741 Founders Road.
- (6) 9230 Hawkins Road.
- (7) 1400 North Meridian Street.
- (8) 901 Shelby Street.

(d) A taxpayer, after April 1, 2011, but before June 1, 2011, may file or refile in person or in any other manner consistent with IC 6-1.1-36-1.5:

- (1) a Form 136 property tax exemption application, along

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with any supporting documents, schedules, or attachments, claiming an exemption from real property taxes or personal property taxes, or both under IC 6-1.1-10-16, for any assessment date described in subsection (b); and

(2) a personal property tax return, along with any supporting documents, schedules, or attachments, relating to any personal property under IC 6-1.1-10-16, for any assessment date for which an exemption is claimed on a Form 136 property tax exemption application that is filed under this subsection.

(e) Any property tax exemption application or personal property tax return filed or refiled under subsection (d):

(1) is, subject to this SECTION, allowed; and

(2) is considered to have been timely filed.

(f) If the taxpayer demonstrates in the application or by other means that the property that is subject to the exemption would have qualified for an exemption under IC 6-1.1-10-16 as owned, occupied, and used for an educational, religious, or charitable purpose, if the application had been filed under IC 6-1.1-11 in a timely manner:

(1) the taxpayer is entitled to the exemptions from real property taxes or personal property taxes, or both, as claimed on the property tax exemption applications filed or refiled by the taxpayer under subsection (d); and

(2) the taxpayer is not required to pay any property taxes, penalties, or interest with respect to the exempt property.

(g) For its property to be exempt under this SECTION, the taxpayer must have received for an assessment date preceding or following any assessment date described in subsection (b) an exemption or partial exemption from property taxes for property identified by the same parcel or key numbers or the same parcel and key numbers included on the property tax exemption applications filed or refiled by the taxpayer under subsection (d).

(h) This SECTION expires January 1, 2013.

SECTION 169. [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)] (a) This SECTION applies to a taxpayer notwithstanding IC 6-1.1-11 or any other law or administrative rule or provision.

(b) This SECTION applies to the March 1, 2010, and March 1, 2011, assessment dates.

(c) As used in this SECTION, "taxpayer" refers to an Indiana limited liability company that:

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(1) owns real property used as part of or in connection with an ice skating rink and activities associated with the operation of an ice skating rink; and

(2) as of the assessment dates referred to in subsection (b), leases or rents all or part of the real property to an Indiana nonprofit corporation that is exempt from federal income tax under Section 5019(c)(3) of the Internal Revenue Code that predominantly uses the leased or rented property for ice skating purposes, including public skating, skating lessons, instructional clinics, youth and adult sports leagues, and conducting various sporting events related to ice sports.

(d) As used in this SECTION, "eligible property" means real and personal property owned by the taxpayer that was granted a full or partial exemption from property taxation for an assessment date occurring before the assessment dates described in subsection (b), regardless of the ownership of the property at the time the full or partial exemption was previously granted or received.

(e) Any real property tax exemption application relating to the eligible property filed by the taxpayer for an assessment date described in subsection (b) is allowed. The exemption application is considered to include all parcel or key numbers for the land and improvements comprising the eligible property. The eligible property is considered tangible property owned, occupied, and used for the educational, scientific, or charitable purposes described in IC 6-1.1-10-16. Taxpayer's property tax exemption application is considered to have been filed properly for an educational, scientific, or charitable use under IC 6-1.1-10-16. The property tax exemptions allowed by this SECTION shall be applied regardless of the result of any appeal or challenge to a decision by the property tax assessment board of appeals of the county in which the eligible property is located.

(f) A taxpayer is entitled to a one hundred percent (100%) exemption under IC 6-1.1-10-16 from property taxation for the taxpayer's eligible property and is not required to pay property taxes, penalties, or interest with respect to the eligible property for the assessment dates described in subsection (b).

(g) The exemption allowed by this SECTION shall be applied without need of any further ruling or action by the county assessor or the county property tax assessment board of appeals of the county in which the property is located or by the Indiana board of tax review. Any actions by the county assessor or the county property tax assessment board of appeals of the county in which

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the property is located or by the Indiana board of tax review that are contrary to or inconsistent with the intent of this SECTION are invalid, null, and void.

(h) This SECTION expires December 31, 2012.

SECTION 170. [EFFECTIVE JULY 1, 2011] (a) Notwithstanding IC 20-46-4-6, the Lake Central School Corporation, Lake County, may request that the department of local government finance make an adjustment to its transportation fund property tax levy for property taxes first due and payable in 2012. The request must be filed before September 1, 2011.

(b) The amount of the requested adjustment may not exceed seven hundred thousand dollars (\$700,000).

(c) If the school corporation makes a request for an adjustment in an amount not exceeding the limit prescribed by subsection (b), the department of local government finance shall make the adjustment to the school corporation's transportation fund property tax levy for property taxes first due and payable in 2012.

(d) The school corporation's transportation fund property tax levy determined under this SECTION for 2012 shall be used as the basis for determining the property tax levy for property taxes first due and payable after 2012.

(e) This SECTION expires January 1, 2014.

SECTION 171. [EFFECTIVE UPON PASSAGE] (a) This SECTION applies only to Marion County.

(b) The county may for property taxes first due and payable in 2012 impose a property tax levy as provided in this SECTION. The property tax levy under this SECTION may not be imposed for any year after 2012.

(c) A property tax levy imposed under this SECTION:

- (1) is in addition to any other property tax levies imposed by the county; and
- (2) shall not be considered as part of the county's property tax levy for purposes of applying the limitations under IC 6-1.1-18.5.

(d) The department of local government finance shall determine the difference between the following:

- (1) The result of:
 - (A) the total amount of expenses paid by the county after December 31, 2008, for child services (as defined in IC 12-19-7-1, before its repeal) and for other services described in IC 31-40-1-2 (as effective December 31, 2008) that would have been payable from the county's family and

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children's fund if IC 12-19-7 had not been repealed by P.L.146-2008; minus

(B) the sum of:

(i) the unencumbered balance on December 31, 2008, of the county's family and children's fund; plus

(ii) any delinquent property tax payments and other amounts collected by the county after December 31, 2008, that would have been deposited in the county's family and children's fund if IC 12-19-7 had not been repealed by P.L.146-2008.

(2) The amount of the property tax levy imposed by the county in 2009 under SECTION 823(e) of P.L.146-2008.

(e) The amount of a property tax levy imposed by the county under this SECTION may not exceed the difference determined under subsection (d).

(f) Property taxes collected from a property tax levy imposed by the county under this SECTION shall be deposited in the county general fund.

(g) This SECTION expires June 30, 2012.

SECTION 172. [EFFECTIVE JULY 1, 2011] (a) Notwithstanding IC 6-1.1-18.5-1, the following townships may request that the department of local government finance make an adjustment to its maximum permissible property tax levy for property taxes first due and payable in 2012:

(1) Washington Township, Allen County.

(2) Lafayette Township, Allen County.

The request by a township under this SECTION must be filed before September 1, 2011.

(b) The amount of the requested adjustment may not exceed the difference between:

(1) the civil taxing unit's maximum permissible property tax levy for the calendar year in which the civil taxing unit used cash balances that resulted in a reduction in the civil taxing unit's maximum permissible property tax levy the following year; minus

(2) the civil taxing unit's 2011 maximum permissible ad valorem property tax levy.

(c) If a civil taxing unit makes a request for an adjustment in an amount not exceeding the limit prescribed by subsection (b), the department of local government finance shall make the adjustment to the civil taxing unit's maximum permissible ad valorem property tax levy for 2012.

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(d) The maximum permissible property tax levy determined under this SECTION for 2012 shall be used as the basis for determining the civil taxing unit's maximum permissible property tax levy for property taxes first due and payable after 2012.

(e) This SECTION expires January 1, 2014.

SECTION 173. [EFFECTIVE JULY 1, 2011] (a) The department of local government finance may adjust a civil taxing unit's maximum permissible ad valorem property tax levy determined under IC 6-1.1-18.5-3, as amended by this act, for property taxes first due and payable in 2012, if the department of local government finance determines that the civil taxing unit's maximum permissible ad valorem property tax levy was reduced as a direct result of the amendment of IC 6-1.1-18.5-3 by this act. The amount of the adjustment may not exceed the greater of zero (0) or the difference between the civil taxing unit's maximum permissible ad valorem property tax levy, as determined without applying the amendment made to IC 6-1.1-18.5-3 by this act, and the civil taxing unit's maximum permissible ad valorem property tax levy, as determined after applying the amendment made to IC 6-1.1-18.5-3 by this act. An adjustment under this SECTION shall be treated as a permanent adjustment in the civil taxing unit's maximum permissible ad valorem property tax levy.

(b) The department of local government finance may make an adjustment under subsection (a) on its own motion or on appeal by the civil taxing unit. A civil taxing unit may appeal for an adjustment under this SECTION in the same manner as an appeal under IC 6-1.1-18.5-12.

(c) This SECTION expires January 1, 2013.

SECTION 174. [EFFECTIVE JULY 1, 2011] (a) IC 6-7-2-2.1, as added by this act, and IC 6-7-2-5, IC 6-7-2-7, and IC 6-7-2-12, all as amended by this act, apply to a tobacco product:

- (1) brought into Indiana for distribution;
- (2) manufactured in Indiana for distribution; or
- (3) transported to a retail dealer in Indiana for resale by the retail dealer;

by a distributor after December 31, 2011.

(b) This SECTION expires January 1, 2012.

SECTION 175. [EFFECTIVE JULY 1, 2011] (a) IC 6-3-1-3.5, IC 6-3-2-1, IC 6-5.5-1-2, and IC 6-8-5-1, all as amended or added by this act, apply to taxable years beginning after December 31, 2011.

(b) This SECTION expires January 1, 2016.

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SECTION 176. [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] (a) IC 6-3-2-2, as amended by this act, applies to taxable years beginning after December 31, 2010.

(b) This SECTION expires January 1, 2014.

SECTION 177. [EFFECTIVE UPON PASSAGE] (a) IC 6-3.5-1.1-25 and IC 6-3.5-6-31, both as amended by this act, apply to distributions of tax revenue made under those sections after December 31, 2011.

(b) This SECTION expires July 1, 2013.

SECTION 178. [EFFECTIVE UPON PASSAGE] (a) The legislative council shall assign an interim study committee to study which state agency should have authority to control dangerous alcohol products.

(b) An interim study committee assigned to study the issue described in subsection (a) shall submit a final report to the legislative council before November 1, 2011. The report must include the interim study committee's findings and recommendations, including any recommended legislation concerning the issue.

(c) This SECTION expires January 1, 2012.

SECTION 179. An emergency is declared for this act.

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Speaker of the House of Representatives

President of the Senate

President Pro Tempore

Governor of the State of Indiana

Date: _____ Time: _____

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