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# SENATE BILL No. 31

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-20.6-10; IC 6-2.5-11; IC 6-3-4-17; IC 6-3.1-19-1; IC 6-3.5; IC 6-8.1; IC 36-1-8-5.1; IC 36-7.

**Synopsis:** Local option taxes for counties, cities, and towns. Allows cities and towns, except Indianapolis, to adopt a municipal income tax on individuals who reside within the municipality, regardless of their place of employment. Provides that the maximum rate is 1%. Requires the revenue to be deposited in the municipality's general fund, and allows the municipality to use the revenue for any general fund purpose. Requires the tax to be re-adopted every four years using a ratification ordinance. Allows counties, cities, and towns to adopt a local sales tax applicable to tangible personal property delivered (not by common carrier) within the geographic boundaries of the political subdivision. Requires the tax to be re-adopted every four years using a ratification ordinance. Provides that the local option sales tax revenue may be used for any lawful purpose. Provides that the department of state revenue shall maintain several data bases of local sales tax data associated with the local option sales tax, in accordance with the requirements of the Streamlined Sales and Use Tax Agreement. Adds the municipal option income tax and local option sales tax to the list of local taxes that may be captured by the state in the case of a local unit failing to make timely debt payments and sources of revenue that may be used by the local unit to make debt service payments. Requires, beginning with the individual income tax return for 2011, the department of state revenue to include on the adjusted gross income tax return a requirement that the taxpayer identify the city or town, if any, where the taxpayer's principal place of residence is located.

**Effective:** July 1, 2011.

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## Head

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January 5, 2011, read first time and referred to Committee on Tax and Fiscal Policy.

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First Regular Session 117th General Assembly (2011)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2010 Regular Session of the General Assembly.

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**SENATE BILL No. 31**



A BILL FOR AN ACT to amend the Indiana Code concerning taxation and to make an appropriation.

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

1 SECTION 1. IC 6-1.1-20.6-10, AS ADDED BY P.L.146-2008,  
2 SECTION 226, IS AMENDED TO READ AS FOLLOWS  
3 [EFFECTIVE JULY 1, 2011]: Sec. 10. (a) As used in this section,  
4 "debt service obligations of a political subdivision" refers to:  
5 (1) the principal and interest payable during a calendar year on  
6 bonds; and  
7 (2) lease rental payments payable during a calendar year on  
8 leases;  
9 of a political subdivision payable from ad valorem property taxes.  
10 (b) Political subdivisions are required by law to fully fund the  
11 payment of their debt obligations in an amount sufficient to pay any  
12 debt service or lease rentals on outstanding obligations, regardless of  
13 any reduction in property tax collections due to the application of tax  
14 credits granted under this chapter. Any reduction in collections must  
15 be applied to the other funds of the political subdivision after debt  
16 service or lease rentals have been fully funded.  
17 (c) Upon the failure of a political subdivision to pay any of the



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

8 (1) first from distributions of:

9 (A) county adjusted gross income tax distributions under  
 10 IC 6-3.5-1.1, county option income tax distributions under  
 11 IC 6-3.5-6, or county economic development income tax  
 12 distributions under IC 6-3.5-7 that would otherwise be  
 13 distributed to the county under the schedule in IC 6-3.5-1.1-10,  
 14 IC 6-3.5-1.1-21.1, IC 6-3.5-6-16, IC 6-3.5-6-17.3,  
 15 IC 6-3.5-7-17, and IC 6-3.5-7-17.3;

16 (B) **municipal option income tax distributions under**  
 17 **IC 6-3.5-9; and**

18 (C) **local option gross retail tax distributions under**  
 19 **IC 6-3.5-10; and**

20 (2) second from any other undistributed funds of the political  
 21 subdivision in the possession of the state.

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

26 SECTION 2. IC 6-2.5-11-2 IS AMENDED TO READ AS  
 27 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 2. As used in this  
 28 chapter:

29 (1) "Agreement" means the Streamlined Sales and Use Tax  
 30 Agreement.

31 (2) "Certified automated system" means software certified jointly  
 32 by the states that are signatories to the agreement to calculate the  
 33 tax imposed by each jurisdiction on a transaction, to determine  
 34 the amount of tax to remit to the appropriate state, and to maintain  
 35 a record of the transaction.

36 (3) "Certified service provider" means an agent certified jointly by  
 37 the states that are signatories to the agreement to perform all of  
 38 the seller's sales tax functions.

39 (4) "Person" means an individual, a trust, an estate, a fiduciary, a  
 40 partnership, a limited liability company, a limited liability  
 41 partnership, a corporation, or any other legal entity.

42 (5) "Sales tax" means:

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1 (A) the state gross retail tax levied under IC 6-2.5; and  
2 (B) the local option gross retail tax imposed under  
3 IC 6-3.5-10.

4 (6) "Seller" means any person making sales, leases, or rentals of  
5 personal property or services.

6 (7) "State" means any state of the United States and the District  
7 of Columbia.

8 (8) "Use tax" means the use tax levied under IC 6-2.5.

9 SECTION 3. IC 6-2.5-11-13 IS ADDED TO THE INDIANA CODE  
10 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
11 1, 2011]: **Sec. 13. (a) As used in this section, "local taxing  
12 jurisdiction" means the taxing jurisdiction of a political  
13 subdivision.**

14 (b) As used in this section, "taxing jurisdiction" means the  
15 geographical territory of the state or a political subdivision in  
16 which a sales or use tax is in effect.

17 (c) The department shall maintain a data base that describes  
18 boundary changes for all local taxing jurisdictions. The data base  
19 must include a description of each change and the effective date of  
20 the change.

21 (d) The department shall maintain a data base of all sales and  
22 use tax rates for each jurisdiction in Indiana that levies a sales or  
23 use tax. The state and each political subdivision in the data base  
24 must be identified by codes that conform with Federal Information  
25 Processing Standards, as developed by the National Institute of  
26 Standards and Technology.

27 (e) The department shall maintain a data base that assigns to  
28 each five (5) digit and nine (9) digit ZIP code in Indiana the taxing  
29 jurisdictions within the ZIP code that levy a sales or use tax in the  
30 taxing jurisdiction.

31 (f) The department shall maintain the data bases described in  
32 subsections (c) through (e) in accordance with the requirements of  
33 the agreement.

34 (g) The department shall allow sellers and certified service  
35 providers access to the data bases described in subsections (c)  
36 through (e).

37 (h) The department may contract with a vendor to maintain the  
38 data bases that the department is required to maintain under this  
39 section.

40 SECTION 4. IC 6-2.5-11-14 IS ADDED TO THE INDIANA CODE  
41 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
42 1, 2011]: **Sec. 14. (a) Except as provided in subsection (b), a seller**

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1 or certified service provider is not liable for the tax, penalties, and  
2 interest associated with charging and collecting the incorrect  
3 amount of sales or use tax for a retail transaction if:

4 (1) the seller or certified service provider has relied on  
5 erroneous data provided by the department in the data base  
6 described in section 13(e) of this chapter; and

7 (2) the erroneous data provided by the department in the data  
8 base described in section 13(e) of this chapter is the reason  
9 that the seller or certified service provider charged and  
10 collected the incorrect amount of sales or use tax on the retail  
11 transaction.

12 (b) If the department:

13 (1) corrects the errors in the data base described in section  
14 13(e) of this chapter; and

15 (2) provides the seller or certified service provider with notice  
16 of the corrected data;

17 the relief provided by subsection (a) ceases ten (10) days after the  
18 seller or certified service provider receives the department's notice  
19 of corrected data.

20 SECTION 5. IC 6-3-4-17, AS ADDED BY P.L.146-2008,  
21 SECTION 322, IS AMENDED TO READ AS FOLLOWS  
22 [EFFECTIVE JULY 1, 2011]: Sec. 17. Beginning after December 31,  
23 2010, the department and the office of management and budget shall:

24 (1) develop a quarterly report that summarizes the amount  
25 reported to and processed by the department under section 4.1(h)  
26 of this chapter, section 15.7(a)(3) of this chapter,  
27 IC 6-3.5-1.1-18(c), IC 6-3.5-6-22(c), and IC 6-3.5-7-18(c) and  
28 ~~IC 6-3.5-8-22(c)~~ for each county and **IC 6-3.5-9-22(c) for each**  
29 **city and town;** and

30 (2) make the quarterly report available to county auditors and city  
31 and town fiscal officers within forty-five (45) days after the end  
32 of the calendar quarter.

33 SECTION 6. IC 6-3.1-19-1 IS AMENDED TO READ AS  
34 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. As used in this  
35 chapter, "state and local tax liability" means a taxpayer's total tax  
36 liability incurred under:

- 37 (1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
- 38 (2) IC 6-3.5-1.1 (county adjusted gross income tax);
- 39 (3) IC 6-3.5-6 (county option income tax);
- 40 (4) IC 6-3.5-7 (county economic development income tax);
- 41 (5) **IC 6-3.5-9 (municipal option income tax);**
- 42 ~~(6)~~ (6) IC 6-5.5 (the financial institutions tax); and

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1           ~~(6)~~ (7) IC 27-1-18-2 (the insurance premiums tax);  
2 as computed after the application of all credits that under IC 6-3.1-1-2  
3 are to be applied before the credit provided by this chapter.

4           SECTION 7. IC 6-3.5-9 IS ADDED TO THE INDIANA CODE AS  
5 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY  
6 1, 2011]:

7           **Chapter 9. Municipal Option Income Tax**

8           **Sec. 1. This chapter applies to all cities and towns, except**  
9 **Indianapolis.**

10          **Sec. 2. As used in this chapter, "adjusted gross income" has the**  
11 **meaning set forth in IC 6-3-1-3.5.**

12          **Sec. 3. As used in this chapter, "department" refers to the**  
13 **department of state revenue.**

14          **Sec. 4. As used in this chapter, "fiscal body" means:**

- 15           (1) the common council, for a city; and
- 16           (2) the town council, for a town.

17          **Sec. 5. As used in this chapter, "municipal option income tax"**  
18 **refers to the tax authorized by this chapter.**

19          **Sec. 6. As used in this chapter, "municipal taxpayer", as the**  
20 **term relates to a particular municipality, means any individual**  
21 **who resides in that municipality on the date specified in section 18**  
22 **of this chapter.**

23          **Sec. 7. As used in this chapter, "municipality" means a city or**  
24 **town.**

25          **Sec. 8. (a) The fiscal body of a municipality may adopt an**  
26 **ordinance to impose a municipal option income tax on the adjusted**  
27 **gross income of municipal taxpayers as provided in section 10 of**  
28 **this chapter.**

29          **(b) A fiscal body shall hold at least one (1) public hearing on the**  
30 **proposed ordinance before the public hearing at which an**  
31 **ordinance is adopted under subsection (a). The fiscal body shall**  
32 **give public notice of the public hearing under IC 5-3-1.**

33          **Sec. 9. The municipal option income tax may be imposed in**  
34 **increments of one-tenth percent (0.1%) but not to exceed a rate of**  
35 **one percent (1%) on the adjusted gross income of municipal**  
36 **taxpayers.**

37          **Sec. 10. (a) To impose a municipal option income tax to take**  
38 **effect on October 1 of a year, the fiscal body of a municipality must**  
39 **adopt an ordinance after March 31 but before August 1 of that**  
40 **year. The ordinance must state substantially the following:**

41           **"The \_\_\_\_\_ (insert name of municipality) \_\_\_\_\_ (insert**  
42 **City or Town) Council imposes the municipal option income**

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1 tax on the residents of \_\_\_\_\_ (insert name of municipality).  
2 The income tax is imposed at a rate of \_\_\_\_\_ percent  
3 (\_\_\_\_\_%). The income tax takes effect October 1 \_\_\_\_\_  
4 (insert year). The tax will continue for four (4) years unless an  
5 ordinance changing the rate or a ratification ordinance  
6 continuing the tax is adopted during that four (4) year  
7 period."

8 (b) An ordinance adopted under subsection (a) takes effect  
9 October 1 of the year in which the ordinance is adopted. However,  
10 a fiscal body may not impose a municipal option income tax that  
11 takes effect before October 1, 2012.

12 Sec. 11. (a) The fiscal body of a municipality may increase or  
13 decrease the rate of a municipal option income tax. To increase or  
14 decrease the rate, the fiscal body must, after March 31 but before  
15 August 1 of a year, adopt an ordinance. The ordinance must state  
16 substantially the following:

17 "The \_\_\_\_\_ (insert name of municipality) \_\_\_\_\_ (insert  
18 City or Town) Council increases (or decreases) the rate of the  
19 municipal option income tax. The tax rate is increased (or  
20 decreased) from (insert current rate) to (insert proposed  
21 rate). This tax rate increase (or decrease) takes effect October  
22 1 of this year. The tax will continue for four (4) years unless  
23 an ordinance changing the rate or a ratification ordinance  
24 continuing the tax is adopted during that four (4) year  
25 period."

26 (b) A fiscal body shall hold at least one (1) public hearing on the  
27 proposed ordinance before the public hearing at which an  
28 ordinance is adopted under subsection (a). The fiscal body shall  
29 give public notice of the public hearing under IC 5-3-1.

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

32 (d) An ordinance adopted under this section serves as a  
33 ratification ordinance under section 13 of this chapter.

34 Sec. 12. (a) The fiscal body of a municipality may rescind the  
35 municipal option income tax by adopting an ordinance to rescind  
36 the tax after March 31 but before August 1 of a year.

37 (b) A fiscal body shall hold at least one (1) public hearing on the  
38 proposed ordinance before the public hearing at which an  
39 ordinance is adopted under subsection (a). The fiscal body shall  
40 give public notice of the public hearing under IC 5-3-1.

41 (c) An ordinance adopted under this section takes effect October  
42 1 of the year in which the ordinance is adopted.

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1           **Sec. 13. (a) A municipal option income tax remains in effect**  
 2 **until the earlier of:**

- 3           **(1) the date the tax is rescinded; or**  
 4           **(2) September 30 of the fourth year after the year in which:**  
 5               **(A) the tax was imposed;**  
 6               **(B) the rate was last changed; or**  
 7               **(C) a ratification ordinance was previously adopted;**  
 8           **whichever is latest.**

9           **(b) The fiscal body of a municipality must adopt a ratification**  
 10 **ordinance to continue the tax in effect after September 30 of the**  
 11 **fourth year after the year in which the tax was imposed, the rate**  
 12 **was last changed, or a previous ratification ordinance was adopted,**  
 13 **whichever is latest. A ratification ordinance must be adopted not**  
 14 **later than August 1 of this fourth year. The ordinance must state**  
 15 **substantially the following:**

16           **"The \_\_\_\_\_ (insert name of municipality) \_\_\_\_\_ (insert**  
 17 **City or Town) Council ratifies the imposition of the income**  
 18 **tax on the residents of (insert name of municipality). The**  
 19 **income tax remains in effect at a rate of \_\_\_\_\_ percent**  
 20 **(\_\_\_\_%). The tax will continue for four (4) years unless an**  
 21 **ordinance changing the rate or a ratification ordinance**  
 22 **continuing the tax is adopted during that four (4) year**  
 23 **period."**

24           **Sec. 14. Immediately upon adoption of any ordinance under this**  
 25 **chapter, the fiscal officer of the municipality shall send a certified**  
 26 **copy of the ordinance to the department by certified mail.**

27           **Sec. 15. (a) Revenue derived from the imposition of the**  
 28 **municipal option income tax shall, in the manner prescribed by this**  
 29 **section, be distributed to the municipality that imposed it.**

30           **(b) Before August 2 of each calendar year, the budget agency**  
 31 **shall certify to the fiscal officer of each adopting municipality the**  
 32 **amount of municipal option income tax revenue that the budget**  
 33 **agency determines has been:**

- 34               **(1) received from municipal taxpayers of that municipality for**  
 35 **a taxable year ending before the calendar year in which the**  
 36 **determination is made; and**  
 37               **(2) reported on an annual return or amended return**  
 38 **processed by the department in the state fiscal year ending**  
 39 **before July 1 of the calendar year in which the determination**  
 40 **is made;**

41 **as adjusted for refunds of municipal option income tax made in the**  
 42 **state fiscal year plus the amount of interest in the municipality's**

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1 account that has been accrued and has not been included in a  
2 certification made in a preceding year. The amount certified is the  
3 municipality's certified distribution for the following calendar  
4 year.

5 (c) The amount certified under subsection (b) shall be adjusted  
6 under subsections (d), (e), and (f). The budget agency shall provide  
7 each municipality's fiscal body with an informative summary of the  
8 calculations used to determine the certified distribution. The  
9 summary of calculations must include:

- 10 (1) the amount reported on individual income tax returns
- 11 processed by the department during the previous fiscal year;
- 12 (2) adjustments for over distributions in prior years;
- 13 (3) adjustments for clerical or mathematical errors in prior
- 14 years;
- 15 (4) adjustments for tax rate changes; and
- 16 (5) the amount of excess account balances to be distributed
- 17 under section 16 of this chapter.

18 (d) The budget agency shall certify an amount less than the  
19 amount determined under subsection (b) if the budget agency  
20 determines that the reduced distribution is necessary to offset  
21 overpayments made in a calendar year before the calendar year of  
22 the distribution. The budget agency may reduce the amount of the  
23 certified distribution over several calendar years so that any  
24 overpayments are offset over several years rather than in one (1)  
25 lump sum.

26 (e) The budget agency shall adjust the certified distribution of  
27 a municipality to correct for any clerical or mathematical errors  
28 made in any previous certification under this section. The budget  
29 agency may reduce the amount of the certified distribution over  
30 several calendar years so that any adjustment under this  
31 subsection is offset over several years rather than in one (1) lump  
32 sum.

33 (f) This subsection applies to a municipality that:

- 34 (1) initially imposed the municipal option income tax; or
- 35 (2) increases the municipal option income rate;

36 under this chapter in the same calendar year in which the budget  
37 agency makes a certification under this section. The budget agency  
38 shall adjust the certified distribution of a municipality to provide  
39 for a distribution in the immediately following calendar year and  
40 in each calendar year thereafter. The budget agency shall provide  
41 for a full transition to certification of distributions as provided in  
42 subsection (b)(1) through (b)(2).

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1 (g) On the first business day in May of each year, one-half (1/2)  
 2 of each municipality's certified distribution for a calendar year  
 3 shall be distributed from its account to the municipality's fiscal  
 4 officer. The other one-half (1/2) shall be distributed on the first  
 5 business day in November of that calendar year.

6 Sec. 16. (a) A special account within the state general fund shall  
 7 be established for each municipality adopting a municipal option  
 8 income tax. Revenue derived from the imposition of the municipal  
 9 option income tax shall be deposited in that municipality's special  
 10 account in the state general fund. Money in the special account is  
 11 appropriated to make the distributions required by this chapter.

12 (b) Income earned on money held in a municipality's special  
 13 account under subsection (a) becomes a part of that account.

14 (c) Revenue remaining in a municipality's special account at the  
 15 end of a state fiscal year does not revert to any other account in the  
 16 state general fund.

17 (d) Before October 2 of each year, the department shall submit  
 18 a report to each municipality's fiscal officer indicating the balance  
 19 in the municipality's special account as of the cutoff date set by the  
 20 budget agency.

21 (e) If the budget agency determines that a sufficient balance  
 22 exists in a municipality's account that exceeds the amount  
 23 necessary, when added to other money that will be deposited in the  
 24 account after the date of the determination, to make certified  
 25 distributions to the municipality in the ensuing year, the budget  
 26 agency shall make a supplemental distribution to a municipality  
 27 from the municipality's special account. A determination under  
 28 this subsection must be made before October 2.

29 (f) A supplemental distribution described in subsection (e) must  
 30 be:

- 31 (1) made in January of the ensuing calendar year; and
- 32 (2) allocated in the same manner as certified distributions for  
 33 deposit in a municipality's rainy day fund established under  
 34 IC 36-1-8-5.1.

35 Sec. 17. (a) The department of local government finance may  
 36 not reduce the general fund property tax levy of a municipality  
 37 receiving a distribution under this chapter in that year to offset the  
 38 amount of the municipality's certified distribution for that year.  
 39 However, this subsection does not prevent the department of local  
 40 government finance from reducing the general fund property tax  
 41 levy of a municipality as a result of a budget reduction under  
 42 IC 6-1.1-17-16.

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1 (b) A municipality shall treat its certified distribution for a  
2 particular calendar year as a part of the municipality's general  
3 fund for that same calendar year for purposes of fixing the  
4 municipality's budget.

5 (c) A municipality may use distributions received under this  
6 chapter for any purpose for which the municipality may use its  
7 general fund.

8 **Sec. 18. (a)** For purposes of this chapter, an individual shall be  
9 treated as a municipal taxpayer of the municipality in which the  
10 individual:

- 11 (1) maintains a residence, if the individual maintains only one
- 12 (1) residence in Indiana;
- 13 (2) if subdivision (1) does not apply, registers to vote;
- 14 (3) if subdivision (1) or (2) does not apply, registers the
- 15 individual's personal automobile; or
- 16 (4) if subdivision (1), (2), or (3) does not apply, spends the
- 17 majority of the individual's time in Indiana during the taxable
- 18 year in question.

19 (b) Whether an individual is a municipal taxpayer is determined  
20 on January 1 of the calendar year in which the individual's taxable  
21 year commences. If an individual changes the location of the  
22 individual's residence to another location in Indiana during a  
23 calendar year, the individual's liability for municipal option  
24 income tax is not affected.

25 **Sec. 19.** If a municipal option income tax is not in effect during  
26 an individual taxpayer's entire taxable year, the amount of  
27 municipal option income tax that the taxpayer owes for that  
28 taxable year equals the product of:

- 29 (1) the amount of the municipal option income tax the
- 30 taxpayer would owe if the tax had been imposed during the
- 31 taxpayer's entire taxable year; multiplied by
- 32 (2) a fraction. The numerator equals the number of days
- 33 during the taxpayer's taxable year that the municipal option
- 34 income tax was in effect. The denominator equals the total
- 35 number of days in the taxpayer's taxable year.

36 **Sec. 20. (a)** If, for a particular taxable year, a municipal  
37 taxpayer is allowed, or a municipal taxpayer and the municipal  
38 taxpayer's spouse who file a joint return are allowed, a credit for  
39 the elderly or the totally disabled under Section 22 of the Internal  
40 Revenue Code, the municipal taxpayer is entitled or the municipal  
41 taxpayer and the municipal taxpayer's spouse are entitled to a  
42 credit against their municipal option income tax liability for that

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1 same taxable year. The amount of the credit equals the lesser of the  
2 following:

- 3 (1) The product of:
  - 4 (A) the credit for the elderly or the totally disabled for the
  - 5 same taxable year; multiplied by
  - 6 (B) a fraction. The numerator is the municipal option
  - 7 income tax rate imposed against the municipal taxpayer or
  - 8 the municipal taxpayer and the municipal taxpayer's
  - 9 spouse. The denominator is fifteen-hundredths (0.15).

10 (2) The amount of municipal option income tax imposed on  
11 the municipal taxpayer or the municipal taxpayer and the  
12 municipal taxpayer's spouse.

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

20 Sec. 21. If for any taxable year a municipal taxpayer is subject  
21 to different tax rates for the municipal option income tax imposed  
22 by a municipality, the taxpayer's municipal option income tax rate  
23 for that municipality and that taxable year is the rate determined  
24 in the last STEP of the following STEPS:

25 STEP ONE: Multiply the number of months in the taxpayer's  
26 taxable year that precede October 1 by the rate in effect  
27 before the rate change.

28 STEP TWO: Multiply the number of months in the taxpayer's  
29 taxable year that follow September 30 by the rate in effect  
30 after the rate change.

31 STEP THREE: Divide the sum of the amounts determined  
32 under STEPS ONE and TWO by twelve (12).

33 Sec. 22. (a) Except as otherwise provided in this chapter, all  
34 provisions of the adjusted gross income tax law (IC 6-3)  
35 concerning:

- 36 (1) definitions;
- 37 (2) declarations of estimated tax;
- 38 (3) filing of returns;
- 39 (4) remittances;
- 40 (5) incorporation of the provisions of the Internal Revenue
- 41 Code;
- 42 (6) penalties and interest;

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1           (7) exclusion of military pay credits for withholding; and  
 2           (8) exemptions and deductions;  
 3 apply to the imposition, collection, and administration of the  
 4 municipal option income tax. The municipal option income tax is  
 5 a listed tax and an income tax for purposes of IC 6-8.1.

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

8           (c) Each employer shall report to the department the amount of  
 9 withholdings attributable to the municipal taxpayers for each  
 10 municipality in which the municipal option income tax is in effect.  
 11 This report shall be submitted annually with the employer's  
 12 withholding report.

13           SECTION 8. IC 6-3.5-10 IS ADDED TO THE INDIANA CODE  
 14 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 15 JULY 1, 2011]:

16           **Chapter 10. Local Option Gross Retail Tax**

17           **Sec. 1. Except as otherwise provided in this chapter, the**  
 18 **definitions set forth in:**

- 19           (1) IC 6-2.5-1; and
- 20           (2) IC 36-1-2;

21 **apply throughout this chapter.**

22           **Sec. 2. As used in this chapter, "adopting county or**  
 23 **municipality" means an eligible county or municipality that has**  
 24 **adopted the local option gross retail tax.**

25           **Sec. 3. As used in this chapter, "gross retail income" has the**  
 26 **meaning set forth in IC 6-2.5-1-5, except that the term does not**  
 27 **include taxes imposed under IC 6-2.5 or IC 6-9.**

28           **Sec. 4. As used in this chapter, "local option gross retail tax**  
 29 **district" of an adopting county or municipality means the**  
 30 **geographic territory in which the local option gross retail tax**  
 31 **adopted by the adopting county or municipality is imposed.**

32           **Sec. 5. As used in this chapter, "municipality" means a city or**  
 33 **town.**

34           **Sec. 6. (a) Using procedures described in this chapter, the fiscal**  
 35 **body of a county or municipality may adopt an ordinance to**  
 36 **impose or rescind the local option gross retail tax in the local**  
 37 **option gross retail tax district of the eligible county or**  
 38 **municipality.**

39           **(b) Before the fiscal body of a county or municipality may adopt**  
 40 **an ordinance to impose or rescind a tax under this chapter, the**  
 41 **fiscal body of the eligible county or municipality must hold a public**  
 42 **hearing on the proposed ordinance. The fiscal body of the eligible**

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1 county or municipality must provide notice to the public in  
2 accordance with IC 5-3-1 of the date, time, and place of the public  
3 hearing.

4 Sec. 7. (a) An ordinance imposing the local option gross retail  
5 tax under this chapter must specify the date the local option gross  
6 retail tax takes effect. A tax imposed under this chapter must take  
7 effect on the first day of a calendar quarter. A tax imposed under  
8 this chapter may not take effect until at least sixty (60) days after  
9 the date the ordinance imposing the tax is adopted.

10 (b) An ordinance to rescind the local option gross retail tax must  
11 specify the date the rescission of the tax takes effect.

12 Sec. 8. (a) An ordinance imposing the local option gross retail  
13 tax under this chapter must specify the boundaries of the eligible  
14 county or municipality on the effective date of the local option  
15 gross retail tax. The boundaries of the eligible county or  
16 municipality on the effective date of the local option gross retail tax  
17 are the initial boundaries of the local option gross retail tax district  
18 of the eligible county or municipality.

19 (b) If at any time the boundaries of an adopting county or  
20 municipality do not coincide with the boundaries of the local option  
21 gross retail tax district of the adopting county or municipality, the  
22 fiscal body of an adopting county or municipality may adopt an  
23 ordinance to alter the boundaries of the local option gross retail tax  
24 district to coincide with the boundaries of the adopting county or  
25 municipality.

26 (c) An ordinance adopted under subsection (b) must specify the  
27 date on which the altered boundaries of the local option gross retail  
28 tax district take effect. The altered boundaries of the local option  
29 gross retail tax district must take effect on the first day of a  
30 calendar quarter. The altered boundaries of the local option gross  
31 retail tax district may not take effect until at least sixty (60) days  
32 after the date on which the ordinance is adopted.

33 (d) An ordinance adopted under subsection (b) must specify the  
34 changes to the boundaries of the local option gross retail tax  
35 district of the adopting county.

36 Sec. 9. (a) If the fiscal body of a county or municipality adopts  
37 an ordinance under this chapter, the fiscal body of the eligible  
38 county or municipality shall immediately send a certified copy of  
39 the ordinance to the department.

40 (b) If:  
41 (1) the fiscal body of a county or municipality adopts an  
42 ordinance to impose the local option gross retail tax under

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1 section 6 of this chapter; or  
 2 (2) the fiscal body of an adopting county or municipality  
 3 adopts an ordinance to change the boundaries of the adopting  
 4 municipality's local option gross retail tax district under  
 5 section 8 of this chapter;  
 6 the fiscal body shall immediately transmit information concerning  
 7 the boundaries of the local option gross retail tax district to the  
 8 department in an electronic format prescribed by the department.  
 9 Sec. 10. (a) A tax imposed under this chapter by the fiscal body  
 10 of an adopting county or municipality applies only to a retail  
 11 transaction that:  
 12 (1) is subject to the state gross retail tax; and  
 13 (2) is sourced to the local option gross retail tax district of the  
 14 adopting county or municipality under the sourcing rules of  
 15 IC 6-2.5.  
 16 (b) Subsection (a) applies to a local option gross retail tax  
 17 throughout the period an ordinance imposing the local option gross  
 18 retail tax is in effect. An amendment of the state gross retail tax  
 19 applies also to the local option gross retail tax in effect in an  
 20 adopting county or municipality on the date the amendment to the  
 21 state gross retail tax becomes effective.  
 22 Sec. 11. (a) This section applies to a retail transaction that is  
 23 subject to the local option gross retail tax.  
 24 (b) The local option gross retail tax is measured by the gross  
 25 retail income received by a retail merchant in a retail unitary  
 26 transaction and is imposed at the rate set forth in the ordinance  
 27 imposing the tax. The rate must be stated as a whole percentage  
 28 point.  
 29 (c) A retail merchant may apply the rounding rule of  
 30 IC 6-2.5-2-2(b) to the unrounded total of:  
 31 (1) the state gross retail tax; plus  
 32 (2) the local option gross retail tax;  
 33 that is imposed on a retail transaction.  
 34 Sec. 12. (a) A person who receives goods or services in a retail  
 35 transaction that is taxed under this chapter is liable for the tax.  
 36 The person shall pay the tax to the retail merchant as a separate  
 37 amount added to the consideration for the goods or services. The  
 38 retail merchant shall collect the tax as an agent for the state and  
 39 the county. The tax imposed under this chapter shall be imposed,  
 40 paid, and collected in the same manner in which the state gross  
 41 retail tax is imposed, paid, and collected under IC 6-2.5.  
 42 (b) An eligible county or municipality that imposes the local

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1 option gross retail tax under this chapter is prohibited from  
2 conducting an audit of any retail merchant or purchaser for the  
3 purpose of determining whether the proper amount of local option  
4 gross retail tax has been collected or paid.

5 Sec. 13. (a) A special account within the state general fund shall  
6 be established for each adopting county or municipality that  
7 imposes the local option gross retail tax. Revenue collected under  
8 this chapter within an adopting county or municipality shall be  
9 deposited in that adopting county's or municipality's account in the  
10 state general fund.

11 (b) Income earned on money held in an account under  
12 subsection (a) becomes a part of that account.

13 (c) Revenue remaining in an account established under  
14 subsection (a) at the end of a fiscal year does not revert to the state  
15 general fund.

16 Sec. 14. (a) Revenue derived from the imposition of the local  
17 option gross retail tax shall, in the manner prescribed by this  
18 section, be distributed to the adopting county or municipality that  
19 imposed it. Revenue in a county's or municipality's special account  
20 is appropriated to make the distributions required by this chapter.

21 (b) Before the fifteenth business day of each month, the auditor  
22 of state shall distribute the amount specified in subsection (c) to the  
23 fiscal officer of each adopting county or municipality.

24 (c) The amount to be distributed each month to an adopting  
25 county or municipality under this section is the amount  
26 accumulated at the end of the previous month in the adopting  
27 county's or municipality's special account established under section  
28 13 of this chapter.

29 (d) The auditor of state may adjust the amount specified in  
30 subsection (c) to account for mathematical or clerical errors  
31 involving a previous distribution under this section. At the  
32 discretion of the auditor of state, an adjustment under this section  
33 may be prorated over two (2) or more future distributions under  
34 this section.

35 Sec. 15. An adopting county or municipality may use local  
36 option gross retail tax revenue received in a distribution under  
37 section 14 of this chapter for any lawful purpose.

38 SECTION 9. IC 6-8.1-1-1, AS AMENDED BY P.L.182-2009(ss),  
39 SECTION 247, IS AMENDED TO READ AS FOLLOWS  
40 [EFFECTIVE JULY 1, 2011]: Sec. 1. "Listed taxes" or "taxes" includes  
41 only the pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the  
42 riverboat admissions tax (IC 4-33-12); the riverboat wagering tax

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1 (IC 4-33-13); the slot machine wagering tax (IC 4-35-8); the type II  
 2 gambling game excise tax (IC 4-36-9); the gross income tax (IC 6-2.1)  
 3 (repealed); the utility receipts and utility services use taxes (IC 6-2.3);  
 4 the state gross retail and use taxes (IC 6-2.5); the adjusted gross income  
 5 tax (IC 6-3); the supplemental net income tax (IC 6-3-8) (repealed); the  
 6 county adjusted gross income tax (IC 6-3.5-1.1); the county option  
 7 income tax (IC 6-3.5-6); the county economic development income tax  
 8 (IC 6-3.5-7); **the municipal option income tax (IC 6-3.5-9); the local**  
 9 **option gross retail tax (IC 6-3.5-10)**; the auto rental excise tax  
 10 (IC 6-6-9); the financial institutions tax (IC 6-5.5); the gasoline tax  
 11 (IC 6-6-1.1); the alternative fuel permit fee (IC 6-6-2.1); the special  
 12 fuel tax (IC 6-6-2.5); the motor carrier fuel tax (IC 6-6-4.1); a motor  
 13 fuel tax collected under a reciprocal agreement under IC 6-8.1-3; the  
 14 motor vehicle excise tax (IC 6-6-5); the commercial vehicle excise tax  
 15 (IC 6-6-5.5); the excise tax imposed on recreational vehicles and truck  
 16 campers (IC 6-6-5.1); the hazardous waste disposal tax (IC 6-6-6.6);  
 17 the cigarette tax (IC 6-7-1); the beer excise tax (IC 7.1-4-2); the liquor  
 18 excise tax (IC 7.1-4-3); the wine excise tax (IC 7.1-4-4); the hard cider  
 19 excise tax (IC 7.1-4-4.5); the malt excise tax (IC 7.1-4-5); the  
 20 petroleum severance tax (IC 6-8-1); the various innkeeper's taxes  
 21 (IC 6-9); the various food and beverage taxes (IC 6-9); the county  
 22 admissions tax (IC 6-9-13 and IC 6-9-28); the regional transportation  
 23 improvement income tax (IC 8-24-17); the oil inspection fee  
 24 (IC 16-44-2); the emergency and hazardous chemical inventory form  
 25 fee (IC 6-6-10); the penalties assessed for oversize vehicles (IC 9-20-3  
 26 and IC 9-30); the fees and penalties assessed for overweight vehicles  
 27 (IC 9-20-4 and IC 9-30); the underground storage tank fee (IC 13-23);  
 28 the solid waste management fee (IC 13-20-22); and any other tax or fee  
 29 that the department is required to collect or administer.

30 SECTION 10. IC 6-8.1-3-7.1 IS AMENDED TO READ AS  
 31 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 7.1. (a) "Fiscal officer"  
 32 has the meaning set forth in IC 36-1-2-7.

33 (b) The department shall enter into an agreement with the fiscal  
 34 officer of an entity that has adopted **a local option gross retail tax**  
 35 **under IC 6-3.5-10**, an innkeeper's tax, a food and beverage tax, or an  
 36 admissions tax under IC 6-9 to furnish the fiscal officer annually with:

37 (1) the name of each business collecting the taxes listed in this  
 38 subsection; and

39 (2) the amount of money collected from each business.

40 (c) The agreement must provide that the department must provide  
 41 the information in an electronic format that the fiscal officer can use,  
 42 as well as a paper copy.

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1 (d) The agreement must include a provision that, unless in  
 2 accordance with a judicial order, the fiscal officer, employees of the  
 3 fiscal officer, former employees of the fiscal officer, counsel of the  
 4 fiscal officer, agents of the fiscal officer, or any other person may not  
 5 divulge the names of the businesses, the amount of taxes paid by the  
 6 businesses, or any other information disclosed to the fiscal officer by  
 7 the department.

8 SECTION 11. IC 6-8.1-5-2, AS AMENDED BY P.L.182-2009(ss),  
 9 SECTION 251, IS AMENDED TO READ AS FOLLOWS  
 10 [EFFECTIVE JULY 1, 2011]: Sec. 2. (a) Except as otherwise provided  
 11 in this section, the department may not issue a proposed assessment  
 12 under section 1 of this chapter more than three (3) years after the latest  
 13 of the date the return is filed, or either of the following:

14 (1) The due date of the return.

15 (2) In the case of a return filed for the state gross retail or use tax,  
 16 the gasoline tax, the special fuel tax, the motor carrier fuel tax, the  
 17 oil inspection fee, or the petroleum severance tax, the end of the  
 18 calendar year which contains the taxable period for which the  
 19 return is filed.

20 (b) If a person files a utility receipts tax return (IC 6-2.3), an  
 21 adjusted gross income tax (IC 6-3), supplemental net income tax  
 22 (IC 6-3-8) (repealed), county adjusted gross income tax (IC 6-3.5-1.1),  
 23 county option income tax (IC 6-3.5-6), **municipal option income tax**  
 24 **(IC 6-3.5-9)**, or financial institutions tax (IC 6-5.5) return that  
 25 understates the person's income, as that term is defined in the particular  
 26 income tax law, by at least twenty-five percent (25%), the proposed  
 27 assessment limitation is six (6) years instead of the three (3) years  
 28 provided in subsection (a).

29 (c) In the case of the motor vehicle excise tax (IC 6-6-5), the tax  
 30 shall be assessed as provided in IC 6-6-5-5 and IC 6-6-5-6 and shall  
 31 include the penalties and interest due on all listed taxes not paid by the  
 32 due date. A person that fails to properly register a vehicle as required  
 33 by IC 9-18 and pay the tax due under IC 6-6-5 is considered to have  
 34 failed to file a return for purposes of this article.

35 (d) In the case of the commercial vehicle excise tax imposed under  
 36 IC 6-6-5.5, the tax shall be assessed as provided in IC 6-6-5.5 and shall  
 37 include the penalties and interest due on all listed taxes not paid by the  
 38 due date. A person that fails to properly register a commercial vehicle  
 39 as required by IC 9-18 and pay the tax due under IC 6-6-5.5 is  
 40 considered to have failed to file a return for purposes of this article.

41 (e) In the case of the excise tax imposed on recreational vehicles  
 42 and truck campers under IC 6-6-5.1, the tax shall be assessed as

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1 provided in IC 6-6-5.1 and must include the penalties and interest due  
 2 on all listed taxes not paid by the due date. A person who fails to  
 3 properly register a recreational vehicle as required by IC 9-18 and pay  
 4 the tax due under IC 6-6-5.1 is considered to have failed to file a return  
 5 for purposes of this article. A person who fails to pay the tax due under  
 6 IC 6-6-5.1 on a truck camper is considered to have failed to file a return  
 7 for purposes of this article.

8 (f) If a person files a fraudulent, unsigned, or substantially blank  
 9 return, or if a person does not file a return, there is no time limit within  
 10 which the department must issue its proposed assessment.

11 (g) If any part of a listed tax has been erroneously refunded by the  
 12 department, the erroneous refund may be recovered through the  
 13 assessment procedures established in this chapter. An assessment  
 14 issued for an erroneous refund must be issued:

15 (1) within two (2) years after making the refund; or

16 (2) within five (5) years after making the refund if the refund was  
 17 induced by fraud or misrepresentation.

18 (h) If, before the end of the time within which the department may  
 19 make an assessment, the department and the person agree to extend  
 20 that assessment time period, the period may be extended according to  
 21 the terms of a written agreement signed by both the department and the  
 22 person. The agreement must contain:

23 (1) the date to which the extension is made; and

24 (2) a statement that the person agrees to preserve the person's  
 25 records until the extension terminates.

26 The department and a person may agree to more than one (1) extension  
 27 under this subsection.

28 (i) If a taxpayer's federal income tax liability for a taxable year is  
 29 modified due to the assessment of a federal deficiency or the filing of  
 30 an amended federal income tax return, then the date by which the  
 31 department must issue a proposed assessment under section 1 of this  
 32 chapter for tax imposed under IC 6-3 is extended to six (6) months after  
 33 the date on which the notice of modification is filed with the  
 34 department by the taxpayer.

35 SECTION 12. IC 6-8.1-6-8, AS ADDED BY P.L.182-2009(ss),  
 36 SECTION 253, IS AMENDED TO READ AS FOLLOWS  
 37 [EFFECTIVE JULY 1, 2011]: Sec. 8. (a) Beginning after December 31,  
 38 2010, the department in cooperation with the department of local  
 39 government finance and the budget agency shall provide information  
 40 annually that:

41 (1) identifies the total number of individual taxpayers that live  
 42 within a particular incorporated city or town;

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- 1 (2) identifies the total individual adjusted gross income of those
- 2 taxpayers; and
- 3 (3) includes any other information that:
- 4 (A) can be abstracted from the taxpayers' individual income
- 5 tax returns; and
- 6 (B) is necessary to obtain information concerning individual
- 7 income taxation under IC 6-3.5-1.1, IC 6-3.5-6, ~~and~~ IC 6-3.5-7,
- 8 **and IC 6-3.5-9;**
- 9 as agreed to by the department and the legislative services agency.

10 (b) As used in this subsection, "authorized agency" refers to the  
 11 legislative services agency or the budget agency. As used in this  
 12 subsection, "director" refers to the executive director of the legislative  
 13 services agency or the director of the budget agency. The department  
 14 shall provide access to the information described in subsection (a) in  
 15 electronic format to an authorized agency:

- 16 (1) upon receipt of a written request from the director of the
- 17 authorized agency; and
- 18 (2) upon the director's agreement that any information accessed
- 19 (other than aggregate data) will be kept confidential and used
- 20 solely for official purposes.

21 SECTION 13. IC 6-8.1-6-9 IS ADDED TO THE INDIANA CODE  
 22 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 23 1, 2011]: **Sec. 9. Beginning with the individual adjusted gross**  
 24 **income tax return for taxable years beginning in 2011, the**  
 25 **department of state revenue shall include on the adjusted gross**  
 26 **income tax return a requirement that the taxpayer identify the city**  
 27 **or town, if any, where the taxpayer's principal place of residence**  
 28 **is located.**

29 SECTION 14. IC 6-8.1-7-1, AS AMENDED BY P.L.182-2009(ss),  
 30 SECTION 254, IS AMENDED TO READ AS FOLLOWS  
 31 [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) This subsection does not  
 32 apply to the disclosure of information concerning a conviction on a tax  
 33 evasion charge. Unless in accordance with a judicial order or as  
 34 otherwise provided in this chapter, the department, its employees,  
 35 former employees, counsel, agents, or any other person may not divulge  
 36 the amount of tax paid by any taxpayer, terms of a settlement  
 37 agreement executed between a taxpayer and the department,  
 38 investigation records, investigation reports, or any other information  
 39 disclosed by the reports filed under the provisions of the law relating  
 40 to any of the listed taxes, including required information derived from  
 41 a federal return, except to:

- 42 (1) members and employees of the department;

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- 1 (2) the governor;
- 2 (3) the attorney general or any other legal representative of the
- 3 state in any action in respect to the amount of tax due under the
- 4 provisions of the law relating to any of the listed taxes; or
- 5 (4) any authorized officers of the United States;

6 when it is agreed that the information is to be confidential and to be  
7 used solely for official purposes.

8 (b) The information described in subsection (a) may be revealed  
9 upon the receipt of a certified request of any designated officer of the  
10 state tax department of any other state, district, territory, or possession  
11 of the United States when:

- 12 (1) the state, district, territory, or possession permits the exchange
- 13 of like information with the taxing officials of the state; and
- 14 (2) it is agreed that the information is to be confidential and to be
- 15 used solely for tax collection purposes.

16 (c) The information described in subsection (a) relating to a person  
17 on public welfare or a person who has made application for public  
18 welfare may be revealed to the director of the division of family  
19 resources, and to any director of a county office of the division of  
20 family resources located in Indiana, upon receipt of a written request  
21 from either director for the information. The information shall be  
22 treated as confidential by the directors. In addition, the information  
23 described in subsection (a) relating to a person who has been  
24 designated as an absent parent by the state Title IV-D agency shall be  
25 made available to the state Title IV-D agency upon request. The  
26 information shall be subject to the information safeguarding provisions  
27 of the state and federal Title IV-D programs.

28 (d) The name, address, Social Security number, and place of  
29 employment relating to any individual who is delinquent in paying  
30 educational loans owed to a postsecondary educational institution may  
31 be revealed to that institution if it provides proof to the department that  
32 the individual is delinquent in paying for educational loans. This  
33 information shall be provided free of charge to approved postsecondary  
34 educational institutions (as defined by IC 21-7-13-6(a)). The  
35 department shall establish fees that all other institutions must pay to the  
36 department to obtain information under this subsection. However, these  
37 fees may not exceed the department's administrative costs in providing  
38 the information to the institution.

39 (e) The information described in subsection (a) relating to reports  
40 submitted under IC 6-6-1.1-502 concerning the number of gallons of  
41 gasoline sold by a distributor and IC 6-6-2.5 concerning the number of  
42 gallons of special fuel sold by a supplier and the number of gallons of

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1 special fuel exported by a licensed exporter or imported by a licensed  
 2 transporter may be released by the commissioner upon receipt of a  
 3 written request for the information.

4 (f) The information described in subsection (a) may be revealed  
 5 upon the receipt of a written request from the administrative head of a  
 6 state agency of Indiana when:

7 (1) the state agency shows an official need for the information;  
 8 and

9 (2) the administrative head of the state agency agrees that any  
 10 information released will be kept confidential and will be used  
 11 solely for official purposes.

12 (g) The information described in subsection (a) may be revealed  
 13 upon the receipt of a written request from the chief law enforcement  
 14 officer of a state or local law enforcement agency in Indiana when it is  
 15 agreed that the information is to be confidential and to be used solely  
 16 for official purposes.

17 (h) The name and address of retail merchants, including township,  
 18 as specified in IC 6-2.5-8-1(j) may be released solely for tax collection  
 19 purposes to township assessors and county assessors.

20 (i) The department shall notify the appropriate innkeepers' tax  
 21 board, bureau, or commission that a taxpayer is delinquent in remitting  
 22 innkeepers' taxes under IC 6-9.

23 (j) All information relating to the delinquency or evasion of the  
 24 motor vehicle excise tax may be disclosed to the bureau of motor  
 25 vehicles in Indiana and may be disclosed to another state, if the  
 26 information is disclosed for the purpose of the enforcement and  
 27 collection of the taxes imposed by IC 6-6-5.

28 (k) All information relating to the delinquency or evasion of  
 29 commercial vehicle excise taxes payable to the bureau of motor  
 30 vehicles in Indiana may be disclosed to the bureau and may be  
 31 disclosed to another state, if the information is disclosed for the  
 32 purpose of the enforcement and collection of the taxes imposed by  
 33 IC 6-6-5.5.

34 (l) All information relating to the delinquency or evasion of  
 35 commercial vehicle excise taxes payable under the International  
 36 Registration Plan may be disclosed to another state, if the information  
 37 is disclosed for the purpose of the enforcement and collection of the  
 38 taxes imposed by IC 6-6-5.5.

39 (m) All information relating to the delinquency or evasion of the  
 40 excise taxes imposed on recreational vehicles and truck campers that  
 41 are payable to the bureau of motor vehicles in Indiana may be disclosed  
 42 to the bureau and may be disclosed to another state if the information

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1 is disclosed for the purpose of the enforcement and collection of the  
2 taxes imposed by IC 6-6-5.1.

3 (n) This section does not apply to:

- 4 (1) the beer excise tax, including brand and packaged type  
5 (IC 7.1-4-2);  
6 (2) the liquor excise tax (IC 7.1-4-3);  
7 (3) the wine excise tax (IC 7.1-4-4);  
8 (4) the hard cider excise tax (IC 7.1-4-4.5);  
9 (5) the malt excise tax (IC 7.1-4-5);  
10 (6) the motor vehicle excise tax (IC 6-6-5);  
11 (7) the commercial vehicle excise tax (IC 6-6-5.5); and  
12 (8) the fees under IC 13-23.

13 (o) The name and business address of retail merchants within each  
14 county that sell tobacco products may be released to the division of  
15 mental health and addiction and the alcohol and tobacco commission  
16 solely for the purpose of the list prepared under IC 6-2.5-6-14.2.

17 **(p) The department shall notify the appropriate county**  
18 **treasurer that a taxpayer is delinquent in remitting local option**  
19 **gross retail taxes collected under IC 6-3.5-10.**

20 SECTION 15. IC 36-1-8-5.1 IS AMENDED TO READ AS  
21 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 5.1. (a) A political  
22 subdivision may establish a rainy day fund by the adoption of:

- 23 (1) an ordinance, in the case of a county, city, or town; or  
24 (2) a resolution, in the case of any other political subdivision.

25 (b) An ordinance or a resolution adopted under this section must  
26 specify the following:

- 27 (1) The purposes of the rainy day fund.  
28 (2) The sources of funding for the rainy day fund, which may  
29 include the following:

30 (A) Unused and unencumbered funds under:

- 31 (i) section 5 of this chapter;  
32 (ii) IC 6-3.5-1.1-21.1;  
33 (iii) IC 6-3.5-6-17.3; or  
34 (iv) IC 6-3.5-7-17.3;  
35 **(v) IC 6-3.5-9-17; or**  
36 **(vi) IC 6-3.5-10-15.**

37 (B) Any other funding source:

- 38 (i) specified in the ordinance or resolution adopted under  
39 this section; and  
40 (ii) not otherwise prohibited by law.

41 (c) The rainy day fund is subject to the same appropriation process  
42 as other funds that receive tax money.

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1 (d) In any fiscal year, a political subdivision may transfer under  
2 section 5 of this chapter not more than ten percent (10%) of the  
3 political subdivision's total annual budget for that fiscal year, adopted  
4 under IC 6-1.1-17, to the rainy day fund.

5 (e) A political subdivision may use only the funding sources  
6 specified in subsection (b)(2)(A) or in the ordinance or resolution  
7 establishing the rainy day fund. The political subdivision may adopt a  
8 subsequent ordinance or resolution authorizing the use of another  
9 funding source.

10 (f) The department of local government finance may not reduce the  
11 actual or maximum permissible levy of a political subdivision as a  
12 result of a balance in the rainy day fund of the political subdivision.

13 SECTION 16. IC 36-7-13-3.8 IS AMENDED TO READ AS  
14 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 3.8. As used in this  
15 chapter, "state and local income taxes" means taxes imposed under any  
16 of the following:

- 17 (1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax).
- 18 (2) IC 6-3.5-1.1 (county adjusted gross income tax).
- 19 (3) IC 6-3.5-6 (county option income tax).
- 20 (4) IC 6-3.5-7 (county economic development income tax).

21 **(5) IC 6-3.5-9 (municipal option income tax).**

22 **(6) IC 6-3.5-10 (local option gross retail tax).**

23 SECTION 17. IC 36-7-30-21 IS AMENDED TO READ AS  
24 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 21. (a) Notwithstanding  
25 any other law, the legislative body may pledge revenues received or to  
26 be received by the unit from:

- 27 (1) the unit's distributive share of the county option income tax  
28 under IC 6-3.5-6;
- 29 (2) the unit's distributive share of the county economic  
30 development income tax under IC 6-3.5-7;

31 **(3) the unit's distributive share of the municipal option  
32 income tax under IC 6-3.5-9;**

33 **(4) the unit's local option gross retail tax distribution under  
34 IC 6-3.5-10;**

35 ~~(5)~~ **(5)** any other source legally available to the unit for the  
36 purposes of this chapter; or

37 ~~(6)~~ **(6)** any combination of revenues under subdivisions (1)  
38 through ~~(3)~~; **(5)**;

39 in any amount to pay amounts payable under section 18 or 19 of this  
40 chapter.

41 (b) The legislative body may covenant to adopt an ordinance to  
42 increase its tax rate under the county option income tax, county

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1 economic development income tax, **municipal option income tax**,  
 2 **local option gross retail tax**, or any other revenues at the time it is  
 3 necessary to raise funds to pay any amounts payable under section 18  
 4 or 19 of this chapter.

5 (c) The reuse authority may pledge revenues received or to be  
 6 received from any source legally available to the reuse authority for the  
 7 purposes of this chapter in any amount to pay amounts payable under  
 8 section 18 or 19 of this chapter.

9 (d) The pledge or covenant under this section may be for the term  
 10 of the bonds issued under section 18 of this chapter, the term of a lease  
 11 entered into under section 19 of this chapter, or for a shorter period as  
 12 determined by the legislative body. Money pledged by the legislative  
 13 body under this section shall be considered revenues or other money  
 14 available to the reuse authority under sections 18 through 19 of this  
 15 chapter.

16 (e) The general assembly covenants not to impair this pledge or  
 17 covenant as long as any bonds issued under section 18 of this chapter  
 18 are outstanding or as long as any lease entered into under section 19 of  
 19 this chapter is still in effect. The pledge or covenant shall be enforced  
 20 as provided in IC 5-1-14-4.

21 SECTION 18. IC 36-7-30.5-26, AS ADDED BY P.L.203-2005,  
 22 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 23 JULY 1, 2011]: Sec. 26. (a) Notwithstanding any other law, the  
 24 legislative body of a unit may pledge revenues received or to be  
 25 received by the unit from:

26 (1) the unit's distributive share of the county adjusted gross  
 27 income tax under IC 6-3.5-1.1;

28 (2) the unit's distributive share of the county option income tax  
 29 under IC 6-3.5-6;

30 (3) the unit's distributive share of the county economic  
 31 development income tax under IC 6-3.5-7;

32 **(4) the unit's distributive share of the municipal option**  
 33 **income tax under IC 6-3.5-9;**

34 **(5) the unit's local option gross retail tax distribution under**  
 35 **IC 6-3.5-10;**

36 ~~(4)~~ **(6)** any other source legally available to the unit for the  
 37 purposes of this chapter; or

38 ~~(5)~~ **(7)** any combination of revenues under subdivisions (1)  
 39 through ~~(4)~~; **(6)**;

40 in any amount to pay amounts payable under section 23 or 24 of this  
 41 chapter.

42 (b) The legislative body may covenant to adopt an ordinance to

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1 increase its tax rate under the county adjusted gross income tax, county  
2 option income tax, county economic development income tax,  
3 **municipal option income tax, local option gross retail tax**, or any  
4 other revenues at the time it is necessary to raise funds to pay any  
5 amounts payable under section 23 or 24 of this chapter.

6 (c) The development authority may pledge revenues received or to  
7 be received from any source legally available to the development  
8 authority for the purposes of this chapter in any amount to pay amounts  
9 payable under section 23 or 24 of this chapter.

10 (d) The pledge or covenant under this section may be for:

11 (1) the term of the bonds issued under section 23 of this chapter;

12 (2) the term of a lease entered into under section 24 of this  
13 chapter; or

14 (3) for a shorter period as determined by the legislative body.

15 Money pledged by the legislative body under this section shall be  
16 considered revenues or other money available to the development  
17 authority under sections 23 through 24 of this chapter.

18 (e) The general assembly covenants not to impair this pledge or  
19 covenant as long as any bonds issued under section 23 of this chapter  
20 are outstanding or as long as any lease entered into under section 24 of  
21 this chapter is still in effect. The pledge or covenant shall be enforced  
22 as provided in IC 5-1-14-4.

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