
SENATE BILL No. 62

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.5.

Synopsis: Local option income tax adoption dates. Conforms references to ordinance adoption dates in the local income tax laws to the dates specified in P.L.113-2010, SECTIONS 61, 63, and 66 (HEA 1086-2010). (The introduced version of this bill was prepared by the code revision commission.)

Effective: Upon passage; January 1, 2009 (retroactive).

Holdman

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. 62



A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

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

1 SECTION 1. IC 6-3.5-1.1-2, AS AMENDED BY P.L.224-2007,
2 SECTION 54, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 2. (a) The county council of any county in
4 which the county option income tax will not be in effect on ~~October~~
5 **December** 1 of a year under an ordinance adopted during a previous
6 calendar year may impose the county adjusted gross income tax on the
7 adjusted gross income of county taxpayers of its county. ~~effective July~~
8 ~~1 of that year.~~

9 (b) Except as provided in section 2.3, 2.5, 2.6, 2.7, 2.8, 2.9, 3.3, 3.5,
10 3.6, 24, 25, or 26 of this chapter, the county adjusted gross income tax
11 may be imposed at a rate of one-half of one percent (0.5%),
12 three-fourths of one percent (0.75%), or one percent (1%) on the
13 adjusted gross income of resident county taxpayers of the county. Any
14 county imposing the county adjusted gross income tax must impose the
15 tax on the nonresident county taxpayers at a rate of one-fourth of one
16 percent (0.25%) on their adjusted gross income. If the county council
17 elects to decrease the county adjusted gross income tax, the county



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

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

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

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

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

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

29 SECTION 2. IC 6-3.5-1.1-2.3, AS AMENDED BY P.L.224-2007,
30 SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
31 UPON PASSAGE]: Sec. 2.3. (a) This section applies to Jasper County.

32 (b) The county council may, by ordinance, determine that additional
33 county adjusted gross income tax revenue is needed in the county to:

- 34 (1) finance, construct, acquire, improve, renovate, or equip:
35 (A) jail facilities;
36 (B) juvenile court, detention, and probation facilities;
37 (C) other criminal justice facilities; and
38 (D) related buildings and parking facilities;
39 located in the county, including costs related to the demolition of
40 existing buildings and the acquisition of land; and
41 (2) repay bonds issued or leases entered into for the purposes
42 described in subdivision (1).

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1 (c) The county council may, by ordinance, determine that additional
2 county adjusted gross income tax revenue is needed in the county to
3 operate or maintain any of the facilities described in subsection
4 (b)(1)(A) through (b)(1)(D) that are located in the county. The county
5 council may make a determination under both this subsection and
6 subsection (b).

7 (d) In addition to the rates permitted by section 2 of this chapter, the
8 county council may impose the county adjusted gross income tax at a
9 rate of:

- 10 (1) fifteen-hundredths percent (0.15%);
- 11 (2) two-tenths percent (0.2%); or
- 12 (3) twenty-five hundredths percent (0.25%);

13 on the adjusted gross income of county taxpayers if the county council
14 makes a finding and determination set forth in subsection (b) or (c).

15 (e) If the county council imposes the tax under this section to pay
16 for the purposes described in both subsections (b) and (c), when:

- 17 (1) the financing, construction, acquisition, improvement,
18 renovation, and equipping described in subsection (b) are
19 completed; and
- 20 (2) all bonds issued or leases entered into to finance the
21 construction, acquisition, improvement, renovation, and
22 equipping described in subsection (b) are fully paid;

23 the county council shall, subject to subsection (d), establish a tax rate
24 under this section by ordinance such that the revenue from the tax does
25 not exceed the costs of operating and maintaining the jail facilities
26 described in subsection (b)(1)(A). The tax rate may not be imposed at
27 a rate greater than is necessary to carry out the purposes described in
28 subsections (b) and (c), as applicable.

29 ~~(f) An ordinance adopted under this section before August 1 in a~~
30 ~~year applies to the imposition of county income taxes after September~~
31 ~~30 in that year. An ordinance adopted under this section after July 31~~
32 ~~of a year initially applies to the imposition of county option income~~
33 ~~taxes after September 30 of the immediately following year.~~

34 ~~(g)~~ (f) The tax imposed under this section may be imposed only
35 until the latest of the following:

- 36 (1) The date on which the financing, construction, acquisition,
37 improvement, renovation, and equipping described in subsection
38 (b) are completed.
- 39 (2) The date on which the last of any bonds issued or leases
40 entered into to finance the construction, acquisition,
41 improvement, renovation, and equipping described in subsection
42 (b) are fully paid.

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1 (3) The date on which an ordinance adopted under subsection (c)
 2 is rescinded.

3 ~~(h)~~ (g) The term of the bonds issued (including any refunding
 4 bonds) or a lease entered into under subsection (b)(2) may not exceed
 5 twenty (20) years.

6 ~~(i)~~ (h) The county treasurer shall establish a criminal justice
 7 facilities revenue fund to be used only for purposes described in this
 8 section. County adjusted gross income tax revenues derived from the
 9 tax rate imposed under this section shall be deposited in the criminal
 10 justice facilities revenue fund before making a certified distribution
 11 under section 11 of this chapter.

12 ~~(j)~~ (i) County adjusted gross income tax revenues derived from the
 13 tax rate imposed under this section:

14 (1) may be used only for the purposes described in this section;
 15 (2) may not be considered by the department of local government
 16 finance in determining the county's maximum permissible
 17 property tax levy limit under IC 6-1.1-18.5; and
 18 (3) may be pledged to the repayment of bonds issued or leases
 19 entered into for any or all the purposes described in subsection
 20 (b).

21 ~~(k)~~ (j) Notwithstanding any other law, money remaining in the
 22 criminal justice facilities revenue fund established under subsection ~~(i)~~
 23 (h) after the tax imposed by this section is terminated under subsection
 24 ~~(g)~~ (f) shall be transferred to the county highway fund to be used for
 25 construction, resurfacing, restoration, and rehabilitation of county
 26 highways, roads, and bridges.

27 SECTION 3. IC 6-3.5-1.1-3, AS AMENDED BY P.L.224-2007,
 28 SECTION 57, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 29 UPON PASSAGE]: Sec. 3. (a) The county council may increase the
 30 county adjusted gross income tax rate imposed upon the resident
 31 county taxpayers of the county. To increase the rate, the county council
 32 must ~~after March 31 but before August 1 of a year,~~ adopt an ordinance.
 33 The ordinance must substantially state the following:

34 "The _____ County Council increases the county adjusted
 35 gross income tax rate imposed upon the resident county taxpayers
 36 of the county from _____ percent (___%) to _____ percent
 37 (___%). ~~This tax rate increase takes effect October 1 of this~~
 38 ~~year."~~

39 ~~(b) Any ordinance adopted under this section takes effect October~~
 40 ~~1 of the year the ordinance is adopted:~~

41 ~~(c)~~ (b) The auditor of a county shall record all votes taken on
 42 ordinances presented for a vote under the authority of this section and

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1 immediately send a certified copy of the results to the department by
2 certified mail.

3 SECTION 4. IC 6-3.5-1.1-3.1, AS AMENDED BY P.L.224-2007,
4 SECTION 58, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
5 UPON PASSAGE]: Sec. 3.1. (a) The county council may decrease the
6 county adjusted gross income tax rate imposed upon the resident
7 county taxpayers of the county. To decrease the rate, the county council
8 must ~~after March 31 but before August 1 of a year,~~ adopt an ordinance.
9 The ordinance must substantially state the following:

10 "The _____ County Council decreases the county adjusted
11 gross income tax rate imposed upon the resident county taxpayers
12 of the county from _____ percent (___%) to _____ percent
13 (___%)."
14 ~~This tax rate decrease takes effect October 1 of this year."~~

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

20 ~~(c) Any ordinance adopted under this section takes effect October~~
21 ~~1 of the year the ordinance is adopted.~~

22 ~~(d)~~ (c) The auditor of a county shall record all votes taken on
23 ordinances presented for a vote under the authority of this section and
24 immediately send a certified copy of the results to the department by
25 certified mail.

26 ~~(e)~~ (d) Notwithstanding IC 6-3.5-7, and except as provided in
27 subsection ~~(f)~~; (e), a county council that decreases the county adjusted
28 gross income tax rate in a year may not in the same year adopt or
29 increase the county economic development income tax under
30 IC 6-3.5-7.

31 ~~(f)~~ (e) This subsection applies only to a county having a population
32 of more than one hundred ten thousand (110,000) but less than one
33 hundred fifteen thousand (115,000). The county council may adopt or
34 increase the county economic development income tax rate under
35 IC 6-3.5-7 in the same year that the county council decreases the
36 county adjusted gross income tax rate if the county economic
37 development income tax rate plus the county adjusted gross income tax
38 rate in effect after the county council decreases the county adjusted
39 gross income tax rate is less than the county adjusted gross income tax
40 rate in effect before the adoption of an ordinance under this section
41 decreasing the rate of the county adjusted gross income tax.

42 SECTION 5. IC 6-3.5-1.1-4, AS AMENDED BY P.L.224-2007,

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1 SECTION 60, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 UPON PASSAGE]: Sec. 4. (a) The county adjusted gross income tax
3 imposed by a county council under this chapter remains in effect until
4 rescinded.

5 (b) Except as provided in subsection ~~(c)~~, **(d)**, the county council may
6 rescind the county adjusted gross income tax by adopting an ordinance
7 to rescind the tax. ~~after March 31~~ **but before August 1** of a year.

8 ~~(c) Any ordinance adopted under this section takes effect October~~
9 ~~1 of the year the ordinance is adopted.~~

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

14 ~~(e)~~ **(d)** A county council may not rescind the county adjusted gross
15 income tax or take any action that would result in a civil taxing unit in
16 the county having a smaller certified share than the certified share to
17 which the civil taxing unit was entitled when the civil taxing unit
18 pledged county adjusted gross income tax if the civil taxing unit or any
19 commission, board, department, or authority that is authorized by
20 statute to pledge county adjusted gross income tax has pledged county
21 adjusted gross income tax for any purpose permitted by IC 5-1-14 or
22 any other statute. The prohibition in this section does not apply if the
23 civil taxing unit pledges legally available revenues to fully replace the
24 civil taxing unit's certified share that has been pledged.

25 SECTION 6. IC 6-3.5-1.1-10, AS AMENDED BY P.L.224-2007,
26 SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
27 UPON PASSAGE]: Sec. 10. (a) Except as provided in subsection (b),
28 one-half (1/2) of each adopting county's certified distribution for a
29 calendar year shall be distributed from its account established under
30 section 8 of this chapter to the appropriate county treasurer on May 1
31 and the other one-half (1/2) on November 1 of that calendar year.

32 (b) This subsection applies to a county having a population of more
33 than one hundred forty-five thousand (145,000) but less than one
34 hundred forty-eight thousand (148,000), **if an ordinance imposing the**
35 **tax is adopted before July 1 of a year.** Notwithstanding section 9 of
36 this chapter the initial certified distribution certified for a county under
37 section 9 of this chapter shall be distributed to the county treasurer
38 from the account established for the county under section 8 of this
39 chapter according to the following schedule during the eighteen (18)
40 month period beginning on July 1 of the year in which the county
41 initially adopts an ordinance under section 2 of this chapter:

42 (1) One-fourth (1/4) on October 1 of the calendar year in which

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1 the ordinance was adopted.

2 (2) One-fourth (1/4) on January 1 of the calendar year following
3 the year in which the ordinance was adopted.

4 (3) One-fourth (1/4) on May 1 of the calendar year following the
5 year in which the ordinance was adopted.

6 (4) One-fourth (1/4) on November 1 of the calendar year
7 following the year in which the ordinance was adopted.

8 Notwithstanding section 11 of this chapter, the part of the certified
9 distribution received under subdivision (1) that would otherwise be
10 allocated to a civil taxing unit or school corporation as property tax
11 replacement credits under section 11 of this chapter shall be set aside
12 and treated for the calendar year when received by the civil taxing unit
13 or school corporation as a levy excess subject to IC 6-1.1-18.5-17 or
14 IC 20-44-3. Certified distributions made to the county treasurer for
15 calendar years following the eighteen (18) month period described in
16 this subsection shall be made as provided in subsection (a).

17 (c) Except for:

18 (1) revenue that must be used to pay the costs of:

19 (A) financing, constructing, acquiring, improving, renovating,
20 equipping, operating, or maintaining facilities and buildings;

21 (B) debt service on bonds; or

22 (C) lease rentals;

23 under section 2.3 of this chapter;

24 (2) revenue that must be used to pay the costs of operating a jail
25 and juvenile detention center under section ~~2.5(d)~~ 2.5 of this
26 chapter;

27 (3) revenue that must be used to pay the costs of:

28 (A) financing, constructing, acquiring, improving, renovating,
29 equipping, operating, or maintaining facilities and buildings;

30 (B) debt service on bonds; or

31 (C) lease rentals;

32 under section 2.8 of this chapter;

33 (4) revenue that must be used to pay the costs of construction,
34 improvement, renovation, or remodeling of a jail and related
35 buildings and parking structures under section 2.7, 2.9, or 3.3 of
36 this chapter;

37 (5) revenue that must be used to pay the costs of operating and
38 maintaining a jail and justice center under section 3.5(d) of this
39 chapter;

40 (6) revenue that must be used to pay the costs of constructing,
41 acquiring, improving, renovating, or equipping a county
42 courthouse under section 3.6 of this chapter;

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1 (7) revenue under section 2.6 of this chapter; or
 2 (8) revenue attributable to a tax rate under section 24, 25, or 26 of
 3 this chapter;
 4 distributions made to a county treasurer under subsections (a) and (b)
 5 shall be treated as though they were property taxes that were due and
 6 payable during that same calendar year. Except as provided by
 7 subsection (b) and sections 24, 25, and 26 of this chapter, the certified
 8 distribution shall be distributed and used by the taxing units and school
 9 corporations as provided in sections 11 through 15 of this chapter.
 10 (d) All distributions from an account established under section 8 of
 11 this chapter shall be made by warrants issued by the auditor of the state
 12 to the treasurer of the state ordering the appropriate payments.
 13 SECTION 7. IC 6-3.5-1.1-11, AS AMENDED BY P.L.224-2007,
 14 SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 15 UPON PASSAGE]: Sec. 11. (a) Except for:
 16 (1) revenue that must be used to pay the costs of:
 17 (A) financing, constructing, acquiring, improving, renovating,
 18 equipping, operating, or maintaining facilities and buildings;
 19 (B) debt service on bonds; or
 20 (C) lease rentals;
 21 under section 2.3 of this chapter;
 22 (2) revenue that must be used to pay the costs of operating a jail
 23 and juvenile detention center under section ~~2.5(d)~~ 2.5 of this
 24 chapter;
 25 (3) revenue that must be used to pay the costs of:
 26 (A) financing, constructing, acquiring, improving, renovating,
 27 equipping, operating, or maintaining facilities and buildings;
 28 (B) debt service on bonds; or
 29 (C) lease rentals;
 30 under section 2.8 of this chapter;
 31 (4) revenue that must be used to pay the costs of construction,
 32 improvement, renovation, or remodeling of a jail and related
 33 buildings and parking structures under section 2.7, 2.9, or 3.3 of
 34 this chapter;
 35 (5) revenue that must be used to pay the costs of operating and
 36 maintaining a jail and justice center under section 3.5(d) of this
 37 chapter;
 38 (6) revenue that must be used to pay the costs of constructing,
 39 acquiring, improving, renovating, or equipping a county
 40 courthouse under section 3.6 of this chapter; or
 41 (7) revenue attributable to a tax rate under section 24, 25, or 26 of
 42 this chapter;

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1 the certified distribution received by a county treasurer shall, in the
 2 manner prescribed in this section, be allocated, distributed, and used
 3 by the civil taxing units and school corporations of the county as
 4 certified shares and property tax replacement credits.

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

15 COUNTY	16 PROPERTY TAX	
	17 ADJUSTED GROSS INCOME TAX RATE	18 REPLACEMENT CREDITS
19 0.5%	50%	20 CERTIFIED SHARES 50%
21 0.75%	33 1/3%	66 2/3%
22 1%	25%	75%

23 (c) The part of a certified distribution that constitutes property tax
 24 replacement credits shall be distributed as provided under sections 12,
 25 13, and 14 of this chapter.

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

28 SECTION 8. IC 6-3.5-1.1-21, AS AMENDED BY
 29 P.L.182-2009(ss), SECTION 213, IS AMENDED TO READ AS
 30 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 21. Before ~~October~~
 31 **November** 2 of each year, the budget agency shall submit a report to
 32 each county auditor indicating the balance in the county's adjusted
 33 gross income tax account as of the cutoff date specified by the budget
 34 agency.

35 SECTION 9. IC 6-3.5-1.1-21.1, AS AMENDED BY
 36 P.L.182-2009(ss), SECTION 214, IS AMENDED TO READ AS
 37 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 21.1. (a) If the
 38 budget agency determines that a sufficient balance exists in a county
 39 account in excess of the amount necessary, when added to other money
 40 that will be deposited in the account after the date of the determination,
 41 to make certified distributions to the county in the ensuing year, the
 42 budget agency shall make a supplemental distribution to a county from
 the county's adjusted gross income tax account.

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1 (b) A supplemental distribution described in subsection (a) must be:
 2 (1) made in January of the ensuing calendar year; and
 3 (2) allocated and, subject to subsection (d), used in the same
 4 manner as certified distributions.

5 (c) A determination under this section must be made before ~~October~~
 6 **November 2.**

7 (d) This subsection applies to that part of a distribution made under
 8 this section that is allocated and available for use in the same manner
 9 as certified shares. The civil taxing unit receiving the money shall
 10 deposit the money in the civil taxing unit's rainy day fund established
 11 under IC 36-1-8-5.1.

12 SECTION 10. IC 6-3.5-1.1-24, AS AMENDED BY P.L.146-2008,
 13 SECTION 331, IS AMENDED TO READ AS FOLLOWS
 14 [EFFECTIVE UPON PASSAGE]: Sec. 24. (a) In a county in which the
 15 county adjusted gross income tax is in effect, the county council may
 16 ~~before August 1 of a year,~~ adopt an ordinance to impose or increase (as
 17 applicable) a tax rate under this section.

18 (b) In a county in which neither the county adjusted gross income
 19 tax nor the county option income tax is in effect, the county council
 20 may ~~before August 1 of a year,~~ adopt an ordinance to impose a tax rate
 21 under this section.

22 (c) ~~An ordinance adopted under this section takes effect October 1~~
 23 ~~of the year in which the ordinance is adopted.~~ If a county council
 24 adopts an ordinance to impose or increase a tax rate under this section,
 25 the county auditor shall send a certified copy of the ordinance to the
 26 department and the department of local government finance by
 27 certified mail.

28 (d) A tax rate under this section is in addition to any other tax rates
 29 imposed under this chapter and does not affect the purposes for which
 30 other tax revenue under this chapter may be used.

31 (e) The following apply only in the year in which a county council
 32 first imposes a tax rate under this section.

33 (1) The county council shall, in the ordinance imposing the tax
 34 rate, specify the tax rate for each of the following two (2) years.

35 (2) The tax rate that must be imposed in the county ~~from October~~
 36 ~~1 of the year in which the tax rate is imposed through September~~
 37 ~~30 of the following year in the first year~~ is equal to the result of:

38 (A) the tax rate determined for the county under
 39 IC 6-3.5-1.5-1(a) in the year in which the tax rate is increased;
 40 multiplied by

41 (B) two (2).

42 (3) The tax rate that must be imposed in the county ~~from October~~

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1 ~~† of the following year through September 30 of the year after the~~
2 ~~following year in the second year~~ is the tax rate determined for
3 the county under IC 6-3.5-1.5-1(b). The tax rate under this
4 subdivision continues in effect in later years unless the tax rate is
5 increased under this section.

6 (4) The levy limitations in IC 6-1.1-18.5-3(g), IC 6-1.1-18.5-3(h),
7 IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its
8 repeal), and IC 12-29-2-2(c) apply to property taxes first due and
9 payable in the ensuing calendar year and to property taxes first
10 due and payable in the calendar year after the ensuing calendar
11 year.

12 (f) The following apply only in a year in which a county council
13 increases a tax rate under this section:

14 (1) The county council shall, in the ordinance increasing the tax
15 rate, specify the tax rate for the following year.

16 (2) The tax rate that must be imposed in the county ~~from October~~
17 ~~† of the year in which the tax rate is increased through September~~
18 ~~30 of the following year~~ is equal to the result of:

19 (A) the tax rate determined for the county under
20 IC 6-3.5-1.5-1(a) in that year; plus

21 (B) the tax rate currently in effect in the county under this
22 section.

23 The tax rate under this subdivision continues in effect in later
24 years unless the tax rate is increased under this section.

25 (3) The levy limitations in IC 6-1.1-18.5-3(g), IC 6-1.1-18.5-3(h),
26 IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its
27 repeal), and IC 12-29-2-2(c) apply to property taxes first due and
28 payable in the ensuing calendar year.

29 (g) The department of local government finance shall determine the
30 following property tax replacement distribution amounts:

31 STEP ONE: Determine the sum of the amounts determined under
32 STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) for the
33 county in the preceding year.

34 STEP TWO: For distribution to each civil taxing unit that in the
35 year had a maximum permissible property tax levy limited under
36 IC 6-1.1-18.5-3(g), determine the result of:

37 (1) the quotient of:

38 (A) the part of the amount determined under STEP ONE of
39 IC 6-3.5-1.5-1(a) in the preceding year that was attributable
40 to the civil taxing unit; divided by

41 (B) the STEP ONE amount; multiplied by

42 (2) the tax revenue received by the county treasurer under this

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1 section.

2 STEP THREE: For distributions in 2009 and thereafter, the result

3 of this STEP is zero (0). For distribution to the county for deposit

4 in the county family and children's fund before 2009, determine

5 the result of:

6 (1) the quotient of:

7 (A) the amount determined under STEP TWO of

8 IC 6-3.5-1.5-1(a) in the preceding year; divided by

9 (B) the STEP ONE amount; multiplied by

10 (2) the tax revenue received by the county treasurer under this

11 section.

12 STEP FOUR: For distributions in 2009 and thereafter, the result

13 of this STEP is zero (0). For distribution to the county for deposit

14 in the county children's psychiatric residential treatment services

15 fund before 2009, determine the result of:

16 (1) the quotient of:

17 (A) the amount determined under STEP THREE of

18 IC 6-3.5-1.5-1(a) in the preceding year; divided by

19 (B) the STEP ONE amount; multiplied by

20 (2) the tax revenue received by the county treasurer under this

21 section.

22 STEP FIVE: For distribution to the county for community mental

23 health center purposes, determine the result of:

24 (1) the quotient of:

25 (A) the amount determined under STEP FOUR of

26 IC 6-3.5-1.5-1(a) in the preceding year; divided by

27 (B) the STEP ONE amount; multiplied by

28 (2) the tax revenue received by the county treasurer under this

29 section.

30 Except as provided in subsection (m), the county treasurer shall

31 distribute the portion of the certified distribution that is attributable to

32 a tax rate under this section as specified in this section. The county

33 treasurer shall make the distributions under this subsection at the same

34 time that distributions are made to civil taxing units under section 15

35 of this chapter.

36 (h) Notwithstanding sections 3.1 and 4 of this chapter, a county

37 council may not decrease or rescind a tax rate imposed under this

38 chapter.

39 (i) The tax rate under this section shall not be considered for

40 purposes of computing:

41 (1) the maximum income tax rate that may be imposed in a county

42 under section 2 of this chapter or any other provision of this

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1 chapter; or
 2 (2) the maximum permissible property tax levy under STEP
 3 EIGHT of IC 6-1.1-18.5-3(b).
 4 (j) The tax levy under this section shall not be considered for
 5 purposes of computing the total county tax levy under
 6 ~~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~~
 7 ~~the repeal of those provisions)~~ or for purposes of the credit under
 8 IC 6-1.1-20.6.
 9 (k) A distribution under this section shall be treated as a part of the
 10 receiving civil taxing unit's property tax levy for that year for purposes
 11 of fixing the budget of the civil taxing unit and for determining the
 12 distribution of taxes that are distributed on the basis of property tax
 13 levies.
 14 (l) If a county council imposes a tax rate under this section, the
 15 portion of county adjusted gross income tax revenue dedicated to
 16 property tax replacement credits under section 11 of this chapter may
 17 not be decreased.
 18 (m) In the year following the year in a which a county first imposes
 19 a tax rate under this section, one-half (1/2) of the tax revenue that is
 20 attributable to the tax rate under this section must be deposited in the
 21 county stabilization fund established under subsection (o).
 22 (n) A pledge of county adjusted gross income taxes does not apply
 23 to revenue attributable to a tax rate under this section.
 24 (o) A county stabilization fund is established in each county that
 25 imposes a tax rate under this section. The county stabilization fund
 26 shall be administered by the county auditor. If for a year the certified
 27 distributions attributable to a tax rate under this section exceed the
 28 amount calculated under STEP ONE through STEP FOUR of
 29 IC 6-3.5-1.5-1(a) that is used by the department of local government
 30 finance and the department of state revenue to determine the tax rate
 31 under this section, the excess shall be deposited in the county
 32 stabilization fund. Money shall be distributed from the county
 33 stabilization fund in a year by the county auditor to political
 34 subdivisions entitled to a distribution of tax revenue attributable to the
 35 tax rate under this section if:
 36 (1) the certified distributions attributable to a tax rate under this
 37 section are less than the amount calculated under STEP ONE
 38 through STEP FOUR of IC 6-3.5-1.5-1(a) that is used by the
 39 department of local government finance and the department of
 40 state revenue to determine the tax rate under this section for a
 41 year; or
 42 (2) the certified distributions attributable to a tax rate under this

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1 section in a year are less than the certified distributions
 2 attributable to a tax rate under this section in the preceding year.
 3 However, subdivision (2) does not apply to the year following the first
 4 year in which certified distributions of revenue attributable to the tax
 5 rate under this section are distributed to the county.

6 (p) Notwithstanding any other provision, a tax rate imposed under
 7 this section may not exceed one percent (1%).

8 (q) A county council must each year hold at least one (1) public
 9 meeting at which the county council discusses whether the tax rate
 10 under this section should be imposed or increased.

11 (r) The department of local government finance and the department
 12 of state revenue may take any actions necessary to carry out the
 13 purposes of this section.

14 SECTION 11. IC 6-3.5-6-2 IS AMENDED TO READ AS
 15 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) A county
 16 income tax council is established for each county in Indiana. The
 17 membership of each county's county income tax council consists of the
 18 fiscal body of the county and the fiscal body of each city or town that
 19 lies either partially or entirely within that county.

20 (b) Using procedures described in this chapter, a county income tax
 21 council may adopt ordinances to:

- 22 (1) impose the county option income tax in its county;
- 23 (2) subject to section 12 of this chapter, rescind the county option
 24 income tax in its county;
- 25 (3) increase the county option income tax rate for the county;
- 26 (4) freeze the county option income tax rate for its county;
- 27 (5) increase the homestead credit in its county; or
- 28 (6) subject to section 12.5 of this chapter, decrease the county
 29 option income tax rate for the county.

30 (c) ~~An ordinance adopted in a particular year under this chapter to
 31 impose or rescind the county option income tax or to increase its tax
 32 rate is effective July 1 of that year.~~

33 SECTION 12. IC 6-3.5-6-8, AS AMENDED BY P.L.224-2007,
 34 SECTION 70, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 35 UPON PASSAGE]: Sec. 8. (a) The county income tax council of any
 36 county in which the county adjusted gross income tax will not be in
 37 effect on ~~October~~ **December** 1 of a year under an ordinance adopted
 38 during a previous calendar year may impose the county option income
 39 tax on the adjusted gross income of county taxpayers of its county.
 40 ~~effective October 1 of that same year.~~

41 (b) Except as provided in sections 30, 31, and 32 of this chapter, the
 42 county option income tax may initially be imposed at a rate of

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1 two-tenths of one percent (0.2%) on the resident county taxpayers of
2 the county and at a rate of five-hundredths of one percent (0.05%) for
3 all other county taxpayers.

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

7 "The _____ County Income Tax Council imposes the
8 county option income tax on the county taxpayers of
9 _____ County. The county option income tax is
10 imposed at a rate of two-tenths of one percent (0.2%) on the
11 resident county taxpayers of the county and at a rate of
12 five-hundredths of one percent (0.05%) on all other county
13 taxpayers." ~~This tax takes effect October 1 of this year.~~

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

20 (e) The county option income tax rate in effect for the county
21 taxpayers of a county who are not resident county taxpayers of that
22 county is at all times one-fourth (1/4) of the tax rate imposed upon
23 resident county taxpayers.

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

27 SECTION 13. IC 6-3.5-6-9, AS AMENDED BY P.L.224-2007,
28 SECTION 71, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
29 UPON PASSAGE]: Sec. 9. (a) If on March 31 of a calendar year the
30 county option income tax rate in effect for resident county taxpayers
31 equals six tenths of one percent (0.6%), excluding a tax rate imposed
32 under section 30, 31, or 32 of this chapter, the county income tax
33 council of that county may ~~after March 31 and before August 1 of that~~
34 ~~year~~ pass an ordinance to increase its tax rate for resident county
35 taxpayers. If a county income tax council passes an ordinance under
36 this section, its county option income tax rate for resident county
37 taxpayers increases by one-tenth of one percent (0.1%) **in the year in**
38 **which the ordinance is adopted, as provided in section 1.5 of this**
39 **chapter, and on** each succeeding October 1 until its rate reaches a
40 maximum of one percent (1%), excluding a tax rate imposed under
41 section 30, 31, or 32 of this chapter.

42 (b) The auditor of the county shall record any vote taken on an

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1 ordinance proposed under the authority of this section and immediately
 2 send a certified copy of the results to the department by certified mail.
 3 SECTION 14. IC 6-3.5-6-10, AS AMENDED BY P.L.224-2007,
 4 SECTION 72, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 5 UPON PASSAGE]: Sec. 10. If during a particular calendar year the
 6 county council of a county adopts an ordinance to impose the county
 7 adjusted gross income tax ~~in its county on October 1 of that year and~~
 8 **on the same day that** the county option income tax council of the
 9 county adopts an ordinance to impose the county option income tax, ~~in~~
 10 ~~the county on October 1 of that year,~~ the county option income tax
 11 takes effect in that county and the county adjusted gross income tax
 12 shall not take effect in that county.
 13 SECTION 15. IC 6-3.5-6-11, AS AMENDED BY P.L.224-2007,
 14 SECTION 73, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 15 UPON PASSAGE]: Sec. 11. (a) This section does not apply to a tax
 16 rate imposed under section 30 of this chapter.
 17 (b) The county income tax council of any county may adopt an
 18 ordinance to permanently freeze the county option income tax rates at
 19 the rate in effect for its county on ~~March 31~~ **December 1** of a year.
 20 (c) To freeze the county option income tax rates, a county income
 21 tax council must ~~after March 31 but before August 1 of a year,~~ adopt
 22 an ordinance. The ordinance must substantially state the following:
 23 "The _____ County Income Tax Council permanently
 24 freezes the county option income tax rates at the rate in effect on
 25 ~~March 31~~ **December 1** of the current year."
 26 (d) An ordinance adopted under the authority of this section remains
 27 in effect until rescinded. ~~The county income tax council may rescind~~
 28 ~~such an ordinance after March 31 but before August 1 of any calendar~~
 29 ~~year. Such an ordinance shall take effect October 1 of that same~~
 30 ~~calendar year.~~
 31 (e) If a county income tax council rescinds an ordinance as adopted
 32 under this section, the county option income tax rate shall
 33 automatically increase by one-tenth of one percent (~~0.01%~~) **(0.1%)**
 34 until:
 35 (1) the tax rate is again frozen under another ordinance adopted
 36 under this section; or
 37 (2) the tax rate equals six-tenths of one percent (0.6%) (if the
 38 frozen tax rate equaled an amount less than six-tenths of one
 39 percent (0.6%)) or one percent (1%) (if the frozen tax rate equaled
 40 an amount in excess of six-tenths of one percent (0.6%)).
 41 (f) The county auditor shall record any vote taken on an ordinance
 42 proposed under the authority of this section and immediately send a

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1 certified copy of the results to the department by certified mail.

2 SECTION 16. IC 6-3.5-6-12, AS AMENDED BY P.L.224-2007,
3 SECTION 74, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 UPON PASSAGE]: Sec. 12. (a) The county option income tax imposed
5 by a county income tax council under this chapter remains in effect
6 until rescinded.

7 (b) Subject to subsection (c), the county income tax council of a
8 county may rescind the county option income tax by passing an
9 ordinance. ~~to rescind the tax after March 31 but before August 1 of a~~
10 ~~year.~~

11 (c) A county income tax council may not rescind the county option
12 income tax or take any action that would result in a civil taxing unit in
13 the county having a smaller distributive share than the distributive
14 share to which it was entitled when it pledged county option income
15 tax, if the civil taxing unit or any commission, board, department, or
16 authority that is authorized by statute to pledge county option income
17 tax, has pledged county option income tax for any purpose permitted
18 by IC 5-1-14 or any other statute.

19 (d) The auditor of a county shall record all votes taken on a
20 proposed ordinance presented for a vote under the authority of this
21 section and immediately send a certified copy of the results to the
22 department by certified mail.

23 SECTION 17. IC 6-3.5-6-12.5, AS AMENDED BY P.L.224-2007,
24 SECTION 75, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
25 UPON PASSAGE]: Sec. 12.5. (a) The county income tax council may
26 adopt an ordinance to decrease the county option income tax rate in
27 effect.

28 (b) To decrease the county option income tax rate, the county
29 income tax council must adopt an ordinance. ~~after March 31 but before~~
30 ~~August 1 of a year.~~ The ordinance must substantially state the
31 following:

32 "The _____ County Income Tax Council decreases the
33 county option income tax rate from _____ percent (___ %)
34 to _____ percent (___ %)."
35 ~~This ordinance takes effect~~
~~October 1 of this year."~~

36 (c) A county income tax council may not decrease the county option
37 income tax if the county or any commission, board, department, or
38 authority that is authorized by statute to pledge the county option
39 income tax has pledged the county option income tax for any purpose
40 permitted by IC 5-1-14 or any other statute.

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

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1 ~~(c)~~ (d) The county auditor shall record the votes taken on an
2 ordinance under this subsection and shall send a certified copy of the
3 ordinance to the department by certified mail not more than thirty (30)
4 days after the ordinance is adopted.

5 ~~(f)~~ (e) Notwithstanding IC 6-3.5-7, a county income tax council that
6 decreases the county option income tax in a year may not in the same
7 year adopt or increase the county economic development income tax
8 under IC 6-3.5-7.

9 SECTION 18. IC 6-3.5-6-13, AS AMENDED BY P.L.146-2008,
10 SECTION 337, IS AMENDED TO READ AS FOLLOWS
11 [EFFECTIVE UPON PASSAGE]: Sec. 13. (a) A county income tax
12 council of a county in which the county option income tax is in effect
13 may adopt an ordinance to provide a homestead credit for homesteads
14 in its county.

15 (b) A county income tax council may not provide a homestead credit
16 percentage that exceeds the amount determined in the last STEP of the
17 following formula:

18 STEP ONE: Determine the amount of the sum of all property tax
19 levies for all taxing units in a county which are to be paid in the
20 county in 2003 as reflected by the auditor's abstract for the 2002
21 assessment year, adjusted, however, for any postabstract
22 adjustments which change the amount of the levies.

23 STEP TWO: Determine the amount of the county's estimated
24 property tax replacement under IC 6-1.1-21-3(a) (before its
25 repeal) for property taxes first due and payable in 2003.

26 STEP THREE: Subtract the STEP TWO amount from the STEP
27 ONE amount.

28 STEP FOUR: Determine the amount of the county's total county
29 levy (as defined in IC 6-1.1-21-2(g) before its repeal) for property
30 taxes first due and payable in 2003.

31 STEP FIVE: Subtract the STEP FOUR amount from the STEP
32 ONE amount.

33 STEP SIX: Subtract the STEP FIVE result from the STEP THREE
34 result.

35 STEP SEVEN: Divide the STEP THREE result by the STEP SIX
36 result.

37 STEP EIGHT: Multiply the STEP SEVEN result by
38 eight-hundredths (0.08).

39 STEP NINE: Round the STEP EIGHT product to the nearest
40 one-thousandth (0.001) and express the result as a percentage.

41 (c) The homestead credit percentage must be uniform for all
42 homesteads in a county.

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1 (d) In the ordinance that establishes the homestead credit
 2 percentage, a county income tax council may provide for a series of
 3 increases or decreases to take place for each of a group of succeeding
 4 calendar years.

5 ~~(e) An ordinance may be adopted under this section after March 31~~
 6 ~~but before August 1 of a calendar year.~~

7 ~~(f) An ordinance adopted under this section takes effect on January~~
 8 ~~1 of the next succeeding calendar year.~~

9 ~~(g) (e)~~ Any ordinance adopted under this section for a county is
 10 repealed for a year if on January 1 of that year the county option
 11 income tax is not in effect.

12 SECTION 19. IC 6-3.5-6-14, AS AMENDED BY P.L.224-2007,
 13 SECTION 77, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 14 UPON PASSAGE]: Sec. 14. If for any taxable year a county taxpayer
 15 is subject to different tax rates for the county option income tax
 16 imposed by a particular county, the taxpayer's county option income tax
 17 rate for that county and that taxable year is the rate determined in the
 18 last STEP of the following STEPS:

19 STEP ONE: **For each tax rate in effect in a year**, multiply the
 20 number of months in the taxpayer's taxable year ~~that precede~~
 21 ~~October 1 by in which~~ the rate is in effect. ~~before the rate change.~~
 22 STEP TWO: Multiply the number of months in the taxpayer's
 23 taxable year that follow September 30 by the rate in effect after
 24 the rate change.

25 ~~STEP THREE:~~ **STEP TWO:** Divide the sum of the amounts
 26 determined under ~~STEPS STEP ONE and TWO~~ by twelve (12).

27 SECTION 20. IC 6-3.5-6-28, AS AMENDED BY P.L.182-2009(ss),
 28 SECTION 224, IS AMENDED TO READ AS FOLLOWS
 29 [EFFECTIVE UPON PASSAGE]: Sec. 28. (a) This section applies only
 30 to Howard County.

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

36 (c) In addition to the rates permitted by sections 8 and 9 of this
 37 chapter, the county fiscal body may impose a county option income tax
 38 at a rate that does not exceed twenty-five hundredths percent (0.25%)
 39 on the adjusted gross income of resident county taxpayers. The tax rate
 40 may be adopted in any increment of one hundredth percent (0.01%).
 41 Before the county fiscal body may adopt a tax rate under this section,
 42 the county fiscal body must make the finding and determination set

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1 forth in subsection (d). Section 8(e) of this chapter applies to the
2 application of the additional tax rate to nonresident taxpayers.

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

5 (1) finding and determining that revenues from the county option
6 income tax are needed in the county to fund the operation and
7 maintenance of a jail, a juvenile detention center, or both; and

8 (2) agreeing to freeze the part of any property tax levy imposed in
9 the county for the operation of the jail or juvenile detention
10 center, or both, covered by the ordinance at the rate imposed in
11 the year preceding the year in which a full year of additional
12 county option income tax is certified for distribution to the county
13 under this section for the term in which an ordinance is in effect
14 under this section.

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

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

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

36 (1) may only be used for the purposes described in this section;
37 and

38 (2) may not be considered by the department of local government
39 finance in determining the county's maximum permissible
40 property tax levy limit under IC 6-1.1-18.5.

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

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

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

12 SECTION 21. IC 6-3.5-6-29, AS AMENDED BY P.L.182-2009(ss),
13 SECTION 225, IS AMENDED TO READ AS FOLLOWS
14 [EFFECTIVE UPON PASSAGE]: Sec. 29. (a) This section applies only
15 to Scott County. Scott County is a county in which:

16 (1) maintaining low property tax rates is essential to economic
17 development; and

18 (2) the use of additional county option income tax revenues as
19 provided in this section, rather than the use of property taxes, to
20 fund:

21 (A) the financing, construction, acquisition, improvement,
22 renovation, equipping, operation, or maintenance of jail
23 facilities; and

24 (B) the repayment of bonds issued or leases entered into for
25 the purposes described in clause (A), except operation or
26 maintenance;

27 promotes the purpose of maintaining low property tax rates.

28 (b) The county fiscal body may impose the county option income tax
29 on the adjusted gross income of resident county taxpayers at a rate, in
30 addition to the rates permitted by sections 8 and 9 of this chapter, not
31 to exceed twenty-five hundredths percent (0.25%). Section 8(e) of this
32 chapter applies to the application of the additional rate to nonresident
33 taxpayers.

34 (c) To impose the county option income tax as provided in this
35 section, the county fiscal body must adopt an ordinance finding and
36 determining that additional revenues from the county option income tax
37 are needed in the county to fund:

38 (1) the financing, construction, acquisition, improvement,
39 renovation, equipping, operation, or maintenance of jail facilities;
40 and

41 (2) the repayment of bonds issued or leases entered into for the
42 purposes described in subdivision (1), except operation or

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1 maintenance.

2 (d) If the county fiscal body makes a determination under subsection
 3 (c), the county fiscal body may adopt an additional tax rate under
 4 subsection (b). Subject to the limitations in subsection (b), the county
 5 fiscal body may amend an ordinance adopted under this section to
 6 increase, decrease, or rescind the additional tax rate imposed under this
 7 section. As soon as practicable after the adoption of an ordinance under
 8 this section, the county fiscal body shall send a certified copy of the
 9 ordinance to the county auditor, the department of local government
 10 finance, and the department. ~~An ordinance adopted under this section~~
 11 ~~before June 1, 2006, or August 1 in a subsequent year applies to the~~
 12 ~~imposition of county income taxes after June 30 (in the case of an~~
 13 ~~ordinance adopted before June 1, 2006) or September 30 (in the case~~
 14 ~~of an ordinance adopted in 2007 or thereafter) in that year. An~~
 15 ~~ordinance adopted under this section after May 31, 2006, or July 31 of~~
 16 ~~a subsequent year initially applies to the imposition of county option~~
 17 ~~income taxes after June 30 (in the case of an ordinance adopted before~~
 18 ~~June 1, 2006) or September 30 (in the case of an ordinance adopted in~~
 19 ~~2007 or thereafter) of the immediately following year.~~

20 (e) If the county imposes an additional tax rate under this section,
 21 the county treasurer shall establish a county jail revenue fund to be
 22 used only for the purposes described in this section. County option
 23 income tax revenues derived from the tax rate imposed under this
 24 section shall be deposited in the county jail revenue fund before
 25 making a certified distribution under section 18 of this chapter.

26 (f) County option income tax revenues derived from an additional
 27 tax rate imposed under this section:

- 28 (1) may be used only for the purposes described in this section;
 29 (2) may not be considered by the department of local government
 30 finance in determining the county's maximum permissible
 31 property tax levy limit under IC 6-1.1-18.5; and
 32 (3) may be pledged for the repayment of bonds issued or leases
 33 entered into to fund the purposes described in subsection (c)(1),
 34 except operation or maintenance.

35 (g) If the county imposes an additional tax rate under this section,
 36 the budget agency shall adjust the certified distribution of the county
 37 to provide for an increased distribution of taxes in the immediately
 38 following calendar year after the county adopts the increased tax rate
 39 and in each calendar year thereafter. The budget agency shall provide
 40 for a full transition to certification of distributions as provided in
 41 section 17(a)(1) through 17(a)(2) of this chapter in the manner
 42 provided in section 17(c) of this chapter.

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1 SECTION 22. IC 6-3.5-6-30, AS AMENDED BY P.L.146-2008,
2 SECTION 341, IS AMENDED TO READ AS FOLLOWS
3 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]: Sec. 30. (a) In
4 a county in which the county option income tax is in effect, the county
5 income tax council may ~~before August 1 of a year,~~ adopt an ordinance
6 to impose or increase (as applicable) a tax rate under this section.

7 (b) In a county in which neither the county option adjusted gross
8 income tax nor the county option income tax is in effect, the county
9 income tax council may ~~before August 1 of a year,~~ adopt an ordinance
10 to impose a tax rate under this section.

11 (c) ~~An ordinance adopted under this section takes effect October 1~~
12 ~~of the year in which the ordinance is adopted.~~ If a county income tax
13 council adopts an ordinance to impose or increase a tax rate under this
14 section, the county auditor shall send a certified copy of the ordinance
15 to the department and the department of local government finance by
16 certified mail.

17 (d) A tax rate under this section is in addition to any other tax rates
18 imposed under this chapter and does not affect the purposes for which
19 other tax revenue under this chapter may be used.

20 (e) The following apply only in the year in which a county income
21 tax council first imposes a tax rate under this section:

22 (1) The county income tax council shall, in the ordinance
23 imposing the tax rate, specify the tax rate for each of the
24 following two (2) years.

25 (2) The tax rate that must be imposed in the county ~~from October~~
26 ~~1 of the year in which the tax rate is imposed through September~~
27 ~~30 of the following year in the first year~~ is equal to the result of:

28 (A) the tax rate determined for the county under
29 IC 6-3.5-1.5-1(a) in that year; multiplied by

30 (B) the following:

31 (i) In a county containing a consolidated city, one and
32 five-tenths (1.5).

33 (ii) In a county other than a county containing a consolidated
34 city, two (2).

35 (3) The tax rate that must be imposed in the county ~~from October~~
36 ~~1 of the following year through September 30 of the year after the~~
37 ~~following year in the second year~~ is the tax rate determined for
38 the county under IC 6-3.5-1.5-1(b). The tax rate under this
39 subdivision continues in effect in later years unless the tax rate is
40 increased under this section.

41 (4) The levy limitations in IC 6-1.1-18.5-3(g), IC 6-1.1-18.5-3(h),
42 IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its

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1 repeal), and IC 12-29-2-2(c) apply to property taxes first due and
2 payable in the ensuing calendar year and to property taxes first
3 due and payable in the calendar year after the ensuing calendar
4 year.

5 (f) The following apply only in a year in which a county income tax
6 council increases a tax rate under this section:

7 (1) The county income tax council shall, in the ordinance
8 increasing the tax rate, specify the tax rate for the following year.

9 (2) The tax rate that must be imposed in the county ~~from October~~
10 ~~1 of the year in which the tax rate is increased through September~~
11 ~~30 of the following year~~ is equal to the result of:

12 (A) the tax rate determined for the county under
13 IC 6-3.5-1.5-1(a) in the year the tax rate is increased; plus

14 (B) the tax rate currently in effect in the county under this
15 section.

16 The tax rate under this subdivision continues in effect in later
17 years unless the tax rate is increased under this section.

18 (3) The levy limitations in IC 6-1.1-18.5-3(g), IC 6-1.1-18.5-3(h),
19 IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its
20 repeal), and IC 12-29-2-2(c) apply to property taxes first due and
21 payable in the ensuing calendar year.

22 (g) The department of local government finance shall determine the
23 following property tax replacement distribution amounts:

24 STEP ONE: Determine the sum of the amounts determined under
25 STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) for the
26 county in the preceding year.

27 STEP TWO: For distribution to each civil taxing unit that in the
28 year had a maximum permissible property tax levy limited under
29 IC 6-1.1-18.5-3(g), determine the result of:

30 (1) the quotient of:

31 (A) the part of the amount determined under STEP ONE of
32 IC 6-3.5-1.5-1(a) in the preceding year that was attributable
33 to the civil taxing unit; divided by

34 (B) the STEP ONE amount; multiplied by

35 (2) the tax revenue received by the county treasurer under this
36 section.

37 STEP THREE: For distributions in 2009 and thereafter, the result
38 of this STEP is zero (0). For distribution to the county for deposit
39 in the county family and children's fund before 2009, determine
40 the result of:

41 (1) the quotient of:

42 (A) the amount determined under STEP TWO of

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1 IC 6-3.5-1.5-1(a) in the preceding year; divided by
 2 (B) the STEP ONE amount; multiplied by
 3 (2) the tax revenue received by the county treasurer under this
 4 section.

5 STEP FOUR: For distributions in 2009 and thereafter, the result
 6 of this STEP is zero (0). For distribution to the county for deposit
 7 in the county children's psychiatric residential treatment services
 8 fund before 2009, determine the result of:

9 (1) the quotient of:
 10 (A) the amount determined under STEP THREE of
 11 IC 6-3.5-1.5-1(a) in the preceding year; divided by
 12 (B) the STEP ONE amount; multiplied by
 13 (2) the tax revenue received by the county treasurer under this
 14 section.

15 STEP FIVE: For distribution to the county for community mental
 16 health center purposes, determine the result of:

17 (1) the quotient of:
 18 (A) the amount determined under STEP FOUR of
 19 IC 6-3.5-1.5-1(a) in the preceding year; divided by
 20 (B) the STEP ONE amount; multiplied by
 21 (2) the tax revenue received by the county treasurer under this
 22 section.

23 Except as provided in subsection (m), the county treasurer shall
 24 distribute the portion of the certified distribution that is attributable to
 25 a tax rate under this section as specified in this section. The county
 26 treasurer shall make the distributions under this subsection at the same
 27 time that distributions are made to civil taxing units under section 18
 28 of this chapter.

29 (h) Notwithstanding sections 12 and 12.5 of this chapter, a county
 30 income tax council may not decrease or rescind a tax rate imposed
 31 under this ~~chapter~~ **section**.

32 (i) The tax rate under this section shall not be considered for
 33 purposes of computing:

34 (1) the maximum income tax rate that may be imposed in a county
 35 under section 8 or 9 of this chapter or any other provision of this
 36 chapter; or
 37 (2) the maximum permissible property tax levy under STEP
 38 EIGHT of IC 6-1.1-18.5-3(b).

39 (j) The tax levy under this section shall not be considered for
 40 purposes of ~~computing the total county tax levy under~~
 41 ~~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~~
 42 ~~the repeal of those provisions) or for purposes of the credit under~~

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1 IC 6-1.1-20.6.

2 (k) A distribution under this section shall be treated as a part of the
3 receiving civil taxing unit's property tax levy for that year for purposes
4 of fixing its budget and for determining the distribution of taxes that
5 are distributed on the basis of property tax levies.

6 (l) If a county income tax council imposes a tax rate under this
7 section, the county option income tax rate dedicated to locally funded
8 homestead credits in the county may not be decreased.

9 (m) In the year following the year in which a county first imposes
10 a tax rate under this section:

11 (1) one-third (1/3) of the tax revenue that is attributable to the tax
12 rate under this section must be deposited in the county
13 stabilization fund established under subsection (o), in the case of
14 a county containing a consolidated city; and

15 (2) one-half (1/2) of the tax revenue that is attributable to the tax
16 rate under this section must be deposited in the county
17 stabilization fund established under subsection (o), in the case of
18 a county not containing a consolidated city.

19 (n) A pledge of county option income taxes does not apply to
20 revenue attributable to a tax rate under this section.

21 (o) A county stabilization fund is established in each county that
22 imposes a tax rate under this section. The county stabilization fund
23 shall be administered by the county auditor. If for a year the certified
24 distributions attributable to a tax rate under this section exceed the
25 amount calculated under STEP ONE through STEP FOUR of
26 IC 6-3.5-1.5-1(a) that is used by the department of local government
27 finance and the department of state revenue to determine the tax rate
28 under this section, the excess shall be deposited in the county
29 stabilization fund. Money shall be distributed from the county
30 stabilization fund in a year by the county auditor to political
31 subdivisions entitled to a distribution of tax revenue attributable to the
32 tax rate under this section if:

33 (1) the certified distributions attributable to a tax rate under this
34 section are less than the amount calculated under STEP ONE
35 through STEP FOUR of IC 6-3.5-1.5-1(a) that is used by the
36 department of local government finance and the department of
37 state revenue to determine the tax rate under this section for a
38 year; or

39 (2) the certified distributions attributable to a tax rate under this
40 section in a year are less than the certified distributions
41 attributable to a tax rate under this section in the preceding year.

42 However, subdivision (2) does not apply to the year following the first

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1 year in which certified distributions of revenue attributable to the tax
2 rate under this section are distributed to the county.

3 (p) Notwithstanding any other provision, a tax rate imposed under
4 this section may not exceed one percent (1%).

5 (q) A county income tax council must each year hold at least one (1)
6 public meeting at which the county council discusses whether the tax
7 rate under this section should be imposed or increased.

8 (r) The department of local government finance and the department
9 of state revenue may take any actions necessary to carry out the
10 purposes of this section.

11 (s) Notwithstanding any other provision, in Lake County the county
12 council (and not the county income tax council) is the entity authorized
13 to take actions concerning the additional tax rate under this section.

14 SECTION 23. IC 6-3.5-6-33, AS AMENDED BY P.L.182-2009(ss),
15 SECTION 226, IS AMENDED TO READ AS FOLLOWS
16 [EFFECTIVE UPON PASSAGE]: Sec. 33. (a) This section applies only
17 to Monroe County.

18 (b) Maintaining low property tax rates is essential to economic
19 development, and the use of county option income tax revenues as
20 provided in this chapter and as needed in the county to fund the
21 operation and maintenance of a juvenile detention center and other
22 facilities to provide juvenile services, rather than the use of property
23 taxes, promotes that purpose.

24 (c) In addition to the rates permitted by sections 8 and 9 of this
25 chapter, the county fiscal body may impose an additional county option
26 income tax at a rate of not more than twenty-five hundredths percent
27 (0.25%) on the adjusted gross income of resident county taxpayers if
28 the county fiscal body makes the finding and determination set forth in
29 subsection (d). Section 8(e) of this chapter applies to the application of
30 the additional rate to nonresident taxpayers.

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

33 (1) finding and determining that revenues from the county option
34 income tax are needed in the county to fund the operation and
35 maintenance of a juvenile detention center and other facilities
36 necessary to provide juvenile services; and

37 (2) agreeing to freeze for the term in which an ordinance is in
38 effect under this section the part of any property tax levy imposed
39 in the county for the operation of the juvenile detention center and
40 other facilities covered by the ordinance at the rate imposed in the
41 year preceding the year in which a full year of additional county
42 option income tax is certified for distribution to the county under

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this section.

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

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

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

- (1) may be used only for the purposes described in this section; and
- (2) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5.

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

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

SECTION 24. IC 6-3.5-7-5, AS AMENDED BY P.L.146-2008, SECTION 344, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Except as provided in subsection (c), the county economic development income tax may be

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1 imposed on the adjusted gross income of county taxpayers. The entity
2 that may impose the tax is:

- 3 (1) the county income tax council (as defined in IC 6-3.5-6-1) if
4 the county option income tax is in effect on March 31 of the year
5 the county economic development income tax is imposed;
6 (2) the county council if the county adjusted gross income tax is
7 in effect on March 31 of the year the county economic
8 development tax is imposed; or
9 (3) the county income tax council or the county council,
10 whichever acts first, for a county not covered by subdivision (1)
11 or (2).

12 To impose the county economic development income tax, a county
13 income tax council shall use the procedures set forth in IC 6-3.5-6
14 concerning the imposition of the county option income tax.

15 (b) Except as provided in subsections (c), (g), (k), (p), and (r) and
16 section 28 of this chapter, the county economic development income
17 tax may be imposed at a rate of:

- 18 (1) one-tenth percent (0.1%);
19 (2) two-tenths percent (0.2%);
20 (3) twenty-five hundredths percent (0.25%);
21 (4) three-tenths percent (0.3%);
22 (5) thirty-five hundredths percent (0.35%);
23 (6) four-tenths percent (0.4%);
24 (7) forty-five hundredths percent (0.45%); or
25 (8) five-tenths percent (0.5%);

26 on the adjusted gross income of county taxpayers.

27 (c) Except as provided in subsection (h), (i), (j), (k), (l), (m), (n), (o),
28 (p), (s), (v), (w), (x), or (y), the county economic development income
29 tax rate plus the county adjusted gross income tax rate, if any, that are
30 in effect on January 1 of a year may not exceed one and twenty-five
31 hundredths percent (1.25%). Except as provided in subsection (g), (p),
32 (r), (t), (u), (w), (x), or (y), the county economic development tax rate
33 plus the county option income tax rate, if any, that are in effect on
34 January 1 of a year may not exceed one percent (1%).

35 (d) To impose, increase, decrease, or rescind the county economic
36 development income tax, the appropriate body must ~~after March 31~~ but
37 ~~before August 1 of a year~~, adopt an ordinance.

38 (e) The ordinance to impose the tax must substantially state the
39 following:

40 "The _____ County _____ imposes the county economic
41 development income tax on the county taxpayers of _____
42 County. The county economic development income tax is imposed at

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1 a rate of _____ percent (____%) on the county taxpayers of the
 2 county." This tax takes effect October 1 of this year."
 3 (e) Any ordinance adopted under this chapter takes effect October
 4 1 of the year the ordinance is adopted.
 5 (f) The auditor of a county shall record all votes taken on ordinances
 6 presented for a vote under the authority of this chapter and shall, not
 7 more than ten (10) days after the vote, send a certified copy of the
 8 results to the commissioner of the department by certified mail.
 9 (g) This subsection applies to a county having a population of more
 10 than one hundred forty-eight thousand (148,000) but less than one
 11 hundred seventy thousand (170,000). Except as provided in subsection
 12 (p), in addition to the rates permitted by subsection (b), the:
 13 (1) county economic development income tax may be imposed at
 14 a rate of:
 15 (A) fifteen-hundredths percent (0.15%);
 16 (B) two-tenths percent (0.2%); or
 17 (C) twenty-five hundredths percent (0.25%); and
 18 (2) county economic development income tax rate plus the county
 19 option income tax rate that are in effect on January 1 of a year
 20 may equal up to one and twenty-five hundredths percent (1.25%);
 21 if the county income tax council makes a determination to impose rates
 22 under this subsection and section 22 of this chapter.
 23 (h) For a county having a population of more than forty-one
 24 thousand (41,000) but less than forty-three thousand (43,000), except
 25 as provided in subsection (p), the county economic development
 26 income tax rate plus the county adjusted gross income tax rate that are
 27 in effect on January 1 of a year may not exceed one and thirty-five
 28 hundredths percent (1.35%) if the county has imposed the county
 29 adjusted gross income tax at a rate of one and one-tenth percent (1.1%)
 30 under IC 6-3.5-1.1-2.5.
 31 (i) For a county having a population of more than thirteen thousand
 32 five hundred (13,500) but less than fourteen thousand (14,000), except
 33 as provided in subsection (p), the county economic development
 34 income tax rate plus the county adjusted gross income tax rate that are
 35 in effect on January 1 of a year may not exceed one and fifty-five
 36 hundredths percent (1.55%).
 37 (j) For a county having a population of more than seventy-one
 38 thousand (71,000) but less than seventy-one thousand four hundred
 39 (71,400), except as provided in subsection (p), the county economic
 40 development income tax rate plus the county adjusted gross income tax
 41 rate that are in effect on January 1 of a year may not exceed one and
 42 five-tenths percent (1.5%).

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1 (k) This subsection applies to a county having a population of more
 2 than twenty-seven thousand four hundred (27,400) but less than
 3 twenty-seven thousand five hundred (27,500). Except as provided in
 4 subsection (p), in addition to the rates permitted under subsection (b):
 5 (1) the county economic development income tax may be imposed
 6 at a rate of twenty-five hundredths percent (0.25%); and
 7 (2) the sum of the county economic development income tax rate
 8 and the county adjusted gross income tax rate that are in effect on
 9 January 1 of a year may not exceed one and five-tenths percent
 10 (1.5%);
 11 if the county council makes a determination to impose rates under this
 12 subsection and section 22.5 of this chapter.
 13 (l) For a county having a population of more than twenty-nine
 14 thousand (29,000) but less than thirty thousand (30,000), except as
 15 provided in subsection (p), the county economic development income
 16 tax rate plus the county adjusted gross income tax rate that are in effect
 17 on January 1 of a year may not exceed one and five-tenths percent
 18 (1.5%).
 19 (m) For:
 20 (1) a county having a population of more than one hundred
 21 eighty-two thousand seven hundred ninety (182,790) but less than
 22 two hundred thousand (200,000); or
 23 (2) a county having a population of more than forty-five thousand
 24 (45,000) but less than forty-five thousand nine hundred (45,900);
 25 except as provided in subsection (p), the county economic development
 26 income tax rate plus the county adjusted gross income tax rate that are
 27 in effect on January 1 of a year may not exceed one and five-tenths
 28 percent (1.5%).
 29 (n) For a county having a population of more than six thousand
 30 (6,000) but less than eight thousand (8,000), except as provided in
 31 subsection (p), the county economic development income tax rate plus
 32 the county adjusted gross income tax rate that are in effect on January
 33 1 of a year may not exceed one and five-tenths percent (1.5%).
 34 (o) This subsection applies to a county having a population of more
 35 than thirty-nine thousand (39,000) but less than thirty-nine thousand
 36 six hundred (39,600). Except as provided in subsection (p), in addition
 37 to the rates permitted under subsection (b):
 38 (1) the county economic development income tax may be imposed
 39 at a rate of twenty-five hundredths percent (0.25%); and
 40 (2) the sum of the county economic development income tax rate
 41 and:
 42 (A) the county adjusted gross income tax rate that are in effect

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1 on January 1 of a year may not exceed one and five-tenths
2 percent (1.5%); or

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

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

8 (p) In addition:

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

13 (2) the:

14 (A) county economic development income tax; and

15 (B) county option income tax or county adjusted gross income
16 tax;

17 may be imposed at combined rates that exceed by not more than
18 twenty-five hundredths percent (0.25%) the maximum combined
19 rates that would otherwise apply under this section.

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

30 (q) If the county economic development income tax is imposed as
31 authorized under subsection (p) at a rate that exceeds the maximum
32 rate that would otherwise apply under this section, the certified
33 distribution must be used for the purpose provided in section 25(e) or
34 26 of this chapter to the extent that the certified distribution results
35 from the difference between:

36 (1) the actual county economic development tax rate; and

37 (2) the maximum rate that would otherwise apply under this
38 section.

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

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

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1 a rate of twenty-five hundredths percent (0.25%); and
2 (2) county economic development income tax rate plus the county
3 option income tax rate that are in effect on January 1 of a year
4 may equal up to one and twenty-five hundredths percent (1.25%);
5 if the county council makes a determination to impose rates under this
6 subsection and section 27 of this chapter.

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

12 (t) This subsection applies to Howard County. Except as provided
13 in subsection (p), the sum of the county economic development income
14 tax rate and the county option income tax rate that are in effect on
15 January 1 of a year may not exceed one and twenty-five hundredths
16 percent (1.25%).

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

22 (v) This subsection applies to Jasper County. Except as provided in
23 subsection (p), the sum of the county economic development income
24 tax rate and the county adjusted gross income tax rate that are in effect
25 on January 1 of a year may not exceed one and five-tenths percent
26 (1.5%).

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

- 30 (1) the county economic development income tax rate plus the
31 county adjusted gross income tax rate; or
- 32 (2) the county economic development tax rate plus the county
33 option income tax rate.

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

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

40 For purposes of computing the maximum combined income tax rate
41 under subsection (c) or (y) or any other provision of this chapter that
42 may be imposed in a county under IC 6-3.5-1.1, IC 6-3.5-6, and this

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1 chapter, a county's county adjusted gross income tax rate or county
2 option income tax rate for a particular year does not include the county
3 adjusted gross income tax rate imposed under IC 6-3.5-1.1-24,
4 IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26 or the county option income tax rate
5 imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.

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

11 SECTION 25. IC 6-3.5-7-6, AS AMENDED BY P.L.224-2007,
12 SECTION 88, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
13 UPON PASSAGE]: Sec. 6. (a) The body imposing the tax may
14 decrease or increase the county economic development income tax rate
15 imposed upon the county taxpayers as long as the resulting rate does
16 not exceed the rates specified in section 5(b) and 5(c) or 5(g) of this
17 chapter. The rate imposed under this section must be adopted at one (1)
18 of the rates specified in section 5(b) of this chapter. To decrease or
19 increase the rate, the appropriate body must ~~after March 31~~ **but before**
20 ~~August 1 of a year;~~ adopt an ordinance. The ordinance must
21 substantially state the following:

22 "The _____ County _____ increases (decreases) the
23 county economic development income tax rate imposed upon the
24 county taxpayers of the county from _____ percent (___%) to
25 _____ percent (___%)". ~~This tax rate increase (decrease) takes~~
26 ~~effect October 1 of this year."~~

27 ~~(b) Any ordinance adopted under this section takes effect October~~
28 ~~1 of the year the ordinance is adopted.~~

29 ~~(c)~~ (b) The auditor of a county shall record all votes taken on
30 ordinances presented for a vote under the authority of this section and
31 immediately send a certified copy of the results to the department by
32 certified mail.

33 SECTION 26. IC 6-3.5-7-7, AS AMENDED BY P.L.224-2007,
34 SECTION 89, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
35 UPON PASSAGE]: Sec. 7. (a) The county economic development
36 income tax imposed under this chapter remains in effect until
37 rescinded.

38 (b) Subject to section 14 of this chapter, the body imposing the
39 county economic development income tax may rescind the tax by
40 adopting an ordinance. ~~to rescind the tax after March 31~~ **but before**
41 ~~August 1 of a year.~~

42 (c) Any ordinance adopted under this section takes effect October

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~~† of the year the ordinance is adopted.~~

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

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

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

- (1) The amount of the certified distribution for that month; multiplied by
- (2) A fraction. The numerator of the fraction equals the sum of:
 - (A) total property taxes that are first due and payable to the county, city, or town during the calendar year in which the month falls; plus
 - (B) for a county, the welfare allocation amount.

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

(c) This subsection applies to a county council or county income tax council that imposes a tax under this chapter after June 1, 1992. The body imposing the tax may adopt an ordinance before ~~July~~ **August 2** of a year to provide for the distribution of certified distributions under this subsection instead of a distribution under subsection (b). The following apply if an ordinance is adopted under this subsection:

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- 1 (1) The ordinance is effective January 1 of the following year.
- 2 (2) Except as provided in sections 25 and 26 of this chapter, the
- 3 amount of the certified distribution that the county and each city
- 4 and town in the county is entitled to receive during May and
- 5 November of each year equals the product of:
- 6 (A) the amount of the certified distribution for the month;
- 7 multiplied by
- 8 (B) a fraction. For a city or town, the numerator of the fraction
- 9 equals the population of the city or the town. For a county, the
- 10 numerator of the fraction equals the population of the part of
- 11 the county that is not located in a city or town. The
- 12 denominator of the fraction equals the sum of the population
- 13 of all cities and towns located in the county and the population
- 14 of the part of the county that is not located in a city or town.
- 15 (3) The ordinance may be made irrevocable for the duration of
- 16 specified lease rental or debt service payments.
- 17 (d) The body imposing the tax may not adopt an ordinance under
- 18 subsection (c) if, before the adoption of the proposed ordinance, any of
- 19 the following have pledged the county economic development income
- 20 tax for any purpose permitted by IC 5-1-14 or any other statute:
- 21 (1) The county.
- 22 (2) A city or town in the county.
- 23 (3) A commission, a board, a department, or an authority that is
- 24 authorized by statute to pledge the county economic development
- 25 income tax.
- 26 (e) The department of local government finance shall provide each
- 27 county auditor with the fractional amount of the certified distribution
- 28 that the county and each city or town in the county is entitled to receive
- 29 under this section.
- 30 (f) Money received by a county, city, or town under this section
- 31 shall be deposited in the unit's economic development income tax fund.
- 32 (g) Except as provided in subsection (b)(2)(B), in determining the
- 33 fractional amount of the certified distribution the county and its cities
- 34 and towns are entitled to receive under subsection (b) during a calendar
- 35 year, the department of local government finance shall consider only
- 36 property taxes imposed on tangible property subject to assessment in
- 37 that county.
- 38 (h) In a county having a consolidated city, only the consolidated city
- 39 is entitled to the certified distribution, subject to the requirements of
- 40 sections 15, 25, and 26 of this chapter.

41 SECTION 28. IC 6-3.5-7-13.1, AS AMENDED BY
 42 P.L.182-2009(ss), SECTION 227, IS AMENDED TO READ AS

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1 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13.1. (a) The fiscal
2 officer of each county, city, or town for a county in which the county
3 economic development tax is imposed shall establish an economic
4 development income tax fund. Except as provided in sections 23, 25,
5 26, and 27 of this chapter, the revenue received by a county, city, or
6 town under this chapter shall be deposited in the unit's economic
7 development income tax fund.

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

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

- 26 (2) By a county, city, or town for:
- 27 (A) the construction or acquisition of, or remedial action with
 - 28 respect to, a capital project for which the unit is empowered to
 - 29 issue general obligation bonds or establish a fund under any
 - 30 statute listed in IC 6-1.1-18.5-9.8;
 - 31 (B) the retirement of bonds issued under any provision of
 - 32 Indiana law for a capital project;
 - 33 (C) the payment of lease rentals under any statute for a capital
 - 34 project;
 - 35 (D) contract payments to a nonprofit corporation whose
 - 36 primary corporate purpose is to assist government in planning
 - 37 and implementing economic development projects;
 - 38 (E) operating expenses of a governmental entity that plans or
 - 39 implements economic development projects;
 - 40 (F) to the extent not otherwise allowed under this chapter,
 - 41 funding substance removal or remedial action in a designated
 - 42 unit; or

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

(3) By a county, city, or town for any lawful purpose for which money in any of its other funds may be used.

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

(5) This subdivision applies only in a county having a population of more than one hundred forty-five thousand (145,000) but less

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than one hundred forty-eight thousand (148,000). All of the tax revenue that results each year from a tax rate increase described in subdivision (4) that is in excess of the first three million five hundred thousand dollars (\$3,500,000) that results each year from the tax rate increase must be used by the county and cities and towns in the county for homestead credits under this subdivision. The following apply to homestead credits provided under this subdivision:

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

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

(C) 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.

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

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

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

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

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

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

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ordinance is adopted.

(C) The homestead credits must be applied uniformly to increase the homestead credit under IC 6-1.1-20.9 **(repealed)** for homesteads in the county, city, or town (for property taxes first due and payable before January 1, 2009) or to provide a homestead credit for homesteads in the county, city, or town (for property taxes first due and payable after December 31, 2008).

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

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

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

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

(8) This subdivision applies only to a county:

(A) that has a population of more than one hundred ten thousand (110,000) but less than one hundred fifteen thousand (115,000); and

(B) in which:

(i) the county fiscal body has adopted an ordinance under IC 36-7.5-2-3(e) providing that the county is joining the northwest Indiana regional development authority; and

(ii) the fiscal body of the city described in IC 36-7.5-2-3(e) has adopted an ordinance under IC 36-7.5-2-3(e) providing that the city is joining the development authority.

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

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1 tax revenue that results each year from the tax rate increase shall
 2 be paid by the county treasurer to the treasurer of the northwest
 3 Indiana regional development authority under IC 36-7.5-4-2
 4 before certified distributions are made to the county or any cities
 5 or towns in the county under this chapter from the tax revenue
 6 that results each year from the tax rate increase. All of the tax
 7 revenue that results each year from the tax rate increase that is in
 8 excess of the first three million five hundred thousand dollars
 9 (\$3,500,000) that results each year from the tax rate increase must
 10 be used by the county and cities and towns in the county for
 11 homestead credits under subdivision (9).

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

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

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

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

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

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

- 36 (1) the county, city, or town determines will:
 - 37 (A) promote significant opportunities for the gainful
 - 38 employment of its citizens;
 - 39 (B) attract a major new business enterprise to the unit; or
 - 40 (C) retain or expand a significant business enterprise within
 - 41 the unit; and
- 42 (2) involves an expenditure for:

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

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

27 SECTION 29. IC 6-3.5-7-16 IS AMENDED TO READ AS
 28 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 16. (a) Except as
 29 provided in subsections (b) and (c), on May 1 of each year, one-half
 30 (1/2) of each county's certified distribution for a calendar year shall be
 31 distributed from its account established under section 10 of this chapter
 32 to the county treasurer. The other one-half (1/2) shall be distributed on
 33 November 1 of that calendar year.

34 (b) This subsection applies to a county having a population of more
 35 than one hundred forty-five thousand (145,000) but less than one
 36 hundred forty-eight thousand (148,000), **if the ordinance imposing**
 37 **the tax is adopted before July 1 of a year.** Notwithstanding section
 38 11 of this chapter, the initial certified distribution certified for a county
 39 under section 11 of this chapter shall be distributed to the county
 40 treasurer from the account established for the county under section 10
 41 of this chapter according to the following schedule during the eighteen
 42 (18) month period beginning on July 1 of the year in which the county

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- 1 initially adopts an ordinance under section ~~2~~ 5 of this chapter:
- 2 (1) One-fourth (1/4) on October 1 of the year in which the
- 3 ordinance was adopted.
- 4 (2) One-fourth (1/4) on January 1 of the calendar year following
- 5 the year in which the ordinance was adopted.
- 6 (3) One-fourth (1/4) on May 1 of the calendar year following the
- 7 year in which the ordinance was adopted.
- 8 (4) One-fourth (1/4) on November 1 of the calendar year
- 9 following the year in which the ordinance was adopted.

10 The county auditor and county treasurer shall distribute amounts
 11 received under this subsection to a county and each city or town in the
 12 county in the same proportions as are set forth in section 12 of this
 13 chapter. Certified distributions made to the county treasurer for
 14 calendar years following the eighteen (18) month period described in
 15 this subsection shall be made as provided in subsection (a).

16 (c) Before July 1 of each year, a county's certified distribution for
 17 additional homestead credits under section 25 or 26 of this chapter for
 18 the year shall be distributed from the county's account established
 19 under section 10 of this chapter.

20 (d) All distributions from an account established under section 10
 21 of this chapter shall be made by warrants issued by the auditor of state
 22 to the treasurer of state ordering the appropriate payments.

23 SECTION 30. IC 6-3.5-7-26, AS AMENDED BY P.L.146-2008,
 24 SECTION 350, IS AMENDED TO READ AS FOLLOWS
 25 [EFFECTIVE UPON PASSAGE]: Sec. 26. (a) This section applies only
 26 to homestead and property tax replacement credits for property taxes
 27 first due and payable after calendar year 2006.

28 (b) The following definitions apply throughout this section:

- 29 (1) "Adopt" includes amend.
- 30 (2) "Adopting entity" means:
- 31 (A) the entity that adopts an ordinance under
- 32 IC 6-1.1-12-41(f); or
- 33 (B) any other entity that may impose a county economic
- 34 development income tax under section 5 of this chapter.
- 35 (3) "Homestead" refers to tangible property that is eligible for a
- 36 homestead credit under IC 6-1.1-20.9 (**repealed**) or the standard
- 37 deduction under IC 6-1.1-12-37.
- 38 (4) "Residential" refers to the following:
- 39 (A) Real property, a mobile home, and industrialized housing
- 40 that would qualify as a homestead if the taxpayer had filed for
- 41 a homestead credit under IC 6-1.1-20.9 (**repealed**) or the
- 42 standard deduction under IC 6-1.1-12-37.

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1 (B) Real property not described in clause (A) designed to
 2 provide units that are regularly used to rent or otherwise
 3 furnish residential accommodations for periods of thirty (30)
 4 days or more, regardless of whether the tangible property is
 5 subject to assessment under rules of the department of local
 6 government finance that apply to:

- 7 (i) residential property; or
 8 (ii) commercial property.

9 (c) An adopting entity may adopt an ordinance to provide for the use
 10 of the certified distribution described in section 16(c) of this chapter for
 11 the purpose provided in subsection (e). An adopting entity that adopts
 12 an ordinance under this subsection shall use the procedures set forth in
 13 IC 6-3.5-6 concerning the adoption of an ordinance for the imposition
 14 of the county option income tax. ~~An ordinance must be adopted under
 15 this subsection after January 1, 2006, and before June 1, 2006, or, in a
 16 year following 2006, after March 31 but before August 1 of a calendar
 17 year.~~ The ordinance may provide for an additional rate under section
 18 5(p) of this chapter. An ordinance adopted under this subsection:

19 (1) first applies to the certified distribution described in section
 20 16(c) of this chapter made in the later of the calendar year that
 21 immediately succeeds the calendar year in which the ordinance is
 22 adopted or calendar year 2007; and

23 (2) must specify that the certified distribution must be used to
 24 provide for one (1) of the following, as determined by the
 25 adopting entity:

- 26 (A) Uniformly applied homestead credits as provided in
 27 subsection (f).
 28 (B) Uniformly applied residential credits as provided in
 29 subsection (g).
 30 (C) Allocated homestead credits as provided in subsection (i).
 31 (D) Allocated residential credits as provided in subsection (j).

32 An ordinance adopted under this subsection may be combined with an
 33 ordinance adopted under section 25 of this chapter.

34 (d) If an ordinance is adopted under subsection (c), the percentage
 35 of the certified distribution specified in the ordinance for use for the
 36 purpose provided in subsection (e) shall be:

- 37 (1) retained by the county auditor under subsection (k); and
 38 (2) used for the purpose provided in subsection (e) instead of the
 39 purposes specified in the capital improvement plans adopted
 40 under section 15 of this chapter.

41 (e) If an ordinance is adopted under subsection (c), the adopting
 42 entity shall use the certified distribution described in section 16(c) of

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1 this chapter to
 2 ~~(1)~~ increase:
 3 ~~(A)~~ if the ordinance grants a credit described in subsection
 4 ~~(c)(2)(A)~~ or ~~(c)(2)(C)~~; the homestead credit allowed in the
 5 county under IC 6-1.1-20.9 for a year; or
 6 ~~(B)~~ if the ordinance grants a credit described in subsection
 7 ~~(c)(2)(B)~~ or ~~(c)(2)(D)~~; the property tax replacement credit
 8 allowed in the county under IC 6-1.1-21-5 for a year for the
 9 residential property;
 10 for property taxes first due and payable before January 1, 2009;
 11 or
 12 ~~(2)~~ provide:
 13 ~~(A)~~ **(1)** if the ordinance grants a credit described in subsection
 14 ~~(c)(2)(A)~~ or ~~(c)(2)(C)~~, a homestead credit for homesteads; or
 15 ~~(B)~~ **(2)** if the ordinance grants a credit described in subsection
 16 ~~(c)(2)(B)~~ or ~~(c)(2)(D)~~, a property tax replacement credit for
 17 residential property;
 18 for property taxes first due and payable after December 31, 2008; to
 19 offset the effect on homesteads or residential property, as applicable,
 20 in the county resulting from the statewide deduction for inventory
 21 under IC 6-1.1-12-42 or from the exclusion in 2008 of inventory from
 22 the definition of personal property in IC 6-1.1-1-11. The amount of a
 23 residential property tax replacement credit granted under this section
 24 may not be considered in computing the amount of any homestead
 25 credit to which the residential property may be entitled under
 26 IC 6-1.1-20.9 (before its repeal) or another law other than
 27 IC 6-1.1-20.6.
 28 (f) If the imposing entity specifies the application of uniform
 29 homestead credits under subsection (c)(2)(A), the county auditor shall,
 30 for each calendar year in which a homestead credit percentage is
 31 authorized under this section, determine:
 32 (1) the amount of the certified distribution that is available to
 33 provide a homestead credit percentage under this section for the
 34 year;
 35 (2) the amount of uniformly applied homestead credits for the
 36 year in the county that equals the amount determined under
 37 subdivision (1); and
 38 (3) the percentage of homestead credit under this section that
 39 equates to the amount of homestead credits determined under
 40 subdivision (2).
 41 (g) If the imposing entity specifies the application of uniform
 42 residential credits under subsection (c)(2)(B), the county auditor shall

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1 determine for each calendar year in which a homestead credit
2 percentage is authorized under this section:

3 (1) the amount of the certified distribution that is available to
4 provide a residential property tax replacement credit percentage
5 for the year;

6 (2) the amount of uniformly applied residential property tax
7 replacement credits for the year in the county that equals the
8 amount determined under subdivision (1); and

9 (3) the percentage of residential property tax replacement credit
10 under this section that equates to the amount of residential
11 property tax replacement credits determined under subdivision
12 (2).

13 (h) The percentage of homestead credit determined by the county
14 auditor under subsection (f) or the percentage of residential property
15 tax replacement credit determined by the county auditor under
16 subsection (g) applies uniformly in the county in the calendar year for
17 which the percentage is determined.

18 (i) If the imposing entity specifies the application of allocated
19 homestead credits under subsection (c)(2)(C), the county auditor shall,
20 for each calendar year in which a homestead credit is authorized under
21 this section, determine:

22 (1) the amount of the certified distribution that is available to
23 provide a homestead credit under this section for the year; and

24 (2) except as provided in subsection (1), a percentage of
25 homestead credit for each taxing district in the county that
26 allocates to the taxing district an amount of homestead credits that
27 bears the same proportion to the amount determined under
28 subdivision (1) that the amount of inventory assessed value
29 deducted under IC 6-1.1-12-42 in the taxing district for the
30 assessment date in 2006 bears to the total inventory assessed
31 value deducted under IC 6-1.1-12-42 in the county for the
32 assessment date in 2006.

33 (j) If the imposing entity specifies the application of allocated
34 residential property tax replacement credits under subsection (c)(2)(D),
35 the county auditor shall determine for each calendar year in which a
36 residential property tax replacement credit is authorized under this
37 section:

38 (1) the amount of the certified distribution that is available to
39 provide a residential property tax replacement credit under this
40 section for the year; and

41 (2) except as provided in subsection (1), a percentage of
42 residential property tax replacement credit for each taxing district

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1 in the county that allocates to the taxing district an amount of
 2 residential property tax replacement credits that bears the same
 3 proportion to the amount determined under subdivision (1) that
 4 the amount of inventory assessed value deducted under
 5 IC 6-1.1-12-42 in the taxing district for the assessment date in
 6 2006 bears to the total inventory assessed value deducted under
 7 IC 6-1.1-12-42 in the county for the assessment date in 2006.

8 (k) The county auditor shall retain from the payments of the county's
 9 certified distribution an amount equal to the revenue lost, if any, due to
 10 the homestead credit or residential property tax replacement credit
 11 provided under this section within the county. The money shall be
 12 distributed to the civil taxing units and school corporations of the
 13 county:

14 (1) as if the money were from property tax collections; and

15 (2) in such a manner that no civil taxing unit or school
 16 corporation will suffer a net revenue loss because of the
 17 allowance of a homestead credit or residential property tax
 18 replacement credit under this section.

19 (l) Subject to the approval of the imposing entity, the county auditor
 20 may adjust the increased percentage of:

21 (1) homestead credit determined under subsection (i)(2) if the
 22 county auditor determines that the adjustment is necessary to
 23 achieve an equitable reduction of property taxes among the
 24 homesteads in the county; or

25 (2) residential property tax replacement credit determined under
 26 subsection (j)(2) if the county auditor determines that the
 27 adjustment is necessary to achieve an equitable reduction of
 28 property taxes among the residential property in the county.

29 SECTION 31. IC 6-3.5-7-27, AS AMENDED BY P.L.224-2007,
 30 SECTION 92, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 31 UPON PASSAGE]: Sec. 27. (a) This section applies to a county that:

32 (1) operates a courthouse that is subject to an order that:

33 (A) is issued by a federal district court;

34 (B) applies to an action commenced before January 1, 2003;

35 and

36 (C) requires the county to comply with the federal Americans
 37 with Disabilities Act; and

38 (2) has insufficient revenues to finance the construction,
 39 acquisition, improvement, renovation, equipping, and operation
 40 of the courthouse facilities and related facilities.

41 (b) A county described in this section possesses unique fiscal
 42 challenges in financing, renovating, equipping, and operating the

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1 county courthouse facilities and related facilities because the county
 2 consistently has one of the highest unemployment rates in Indiana.
 3 Maintaining low property tax rates is essential to economic
 4 development in the county. The use of economic development income
 5 tax revenues under this section for the purposes described in subsection
 6 (c) promotes that purpose.

7 (c) In addition to actions authorized by section 5 of this chapter, a
 8 county council may, using the procedures set forth in this chapter,
 9 adopt an ordinance to impose an additional county economic
 10 development income tax on the adjusted gross income of county
 11 taxpayers. The ordinance imposing the additional tax must include a
 12 finding that revenues from additional tax are needed to pay the costs of:

- 13 (1) constructing, acquiring, improving, renovating, equipping, or
- 14 operating the county courthouse or related facilities;
- 15 (2) repaying any bonds issued, or leases entered into, for
- 16 constructing, acquiring, improving, renovating, equipping, or
- 17 operating the county courthouse or related facilities; and
- 18 (3) economic development projects described in the county's
- 19 capital improvement plan.

20 (d) The tax rate imposed under this section may not exceed
 21 twenty-five hundredths percent (0.25%).

22 (e) If the county council adopts an ordinance to impose an
 23 additional tax under this section, the county auditor shall immediately
 24 send a certified copy of the ordinance to the department by certified
 25 mail. The county treasurer shall establish a county facilities revenue
 26 fund to be used only for the purposes described in subsection (c)(1) and
 27 (c)(2). The amount of county economic development income tax
 28 revenues derived from the tax rate imposed under this section that are
 29 necessary to pay the costs described in subsection (c)(1) and (c)(2)
 30 shall be deposited into the county facilities revenue fund before a
 31 certified distribution is made under section 12 of this chapter. The
 32 remainder shall be deposited into the economic development income
 33 tax funds of the county's units.

34 (f) County economic development income tax revenues derived
 35 from the tax rate imposed under this section may not be used for
 36 purposes other than those described in this section.

37 (g) County economic development income tax revenues derived
 38 from the tax rate imposed under this section that are deposited into the
 39 county facilities revenue fund may not be considered by the department
 40 of local government finance in determining the county's ad valorem
 41 property tax levy for an ensuing calendar year under IC 6-1.1-18.5.

42 ~~(h) Notwithstanding section 5 of this chapter, an ordinance may be~~

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1 adopted under this section at any time. If the ordinance is adopted
 2 before August 1 of a year, a tax rate imposed under this section takes
 3 effect October 1 of that year. If the ordinance is adopted after July 31
 4 of a year, a tax rate imposed under this section takes effect on the
 5 October 1 immediately following adoption of the ordinance.

6 (i) For a county adopting an ordinance before June 1 in a year, in
 7 determining the certified distribution under section 11 of this chapter
 8 for the calendar year beginning with the immediately following January
 9 1 and each calendar year thereafter, the department shall take into
 10 account the certified ordinance mailed to the department under
 11 subsection (e). For a county adopting an ordinance after May 31, the
 12 department shall issue an initial or a revised certified distribution for
 13 the calendar year beginning with the immediately following January 1.
 14 Except for a county adopting an ordinance after May 31, a county's
 15 certified distribution shall be distributed on the dates specified under
 16 section 16 of this chapter. In the case of a county adopting an ordinance
 17 after May 31, the county, beginning with the calendar year beginning
 18 on the immediately following January 1, shall receive the entire
 19 certified distribution for the calendar year on November 1 of the year.

20 (j) (h) Notwithstanding any other law, funds accumulated from the
 21 county economic development income tax imposed under this section
 22 and deposited into the county facilities revenue fund or any other
 23 revenues of the county may be deposited into a nonreverting fund of
 24 the county to be used for operating costs of the courthouse facilities,
 25 juvenile detention facilities, or related facilities. Amounts in the county
 26 nonreverting fund may not be used by the department of local
 27 government finance to reduce the county's ad valorem property tax levy
 28 for an ensuing calendar year under IC 6-1.1-18.5.

29 SECTION 32. IC 6-3.5-7-28, AS ADDED BY P.L.232-2007,
 30 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 31 UPON PASSAGE]: Sec. 28. (a) This section applies only to a county
 32 that is a member of a regional development authority under IC 36-7.6.

33 (b) In addition to the rates permitted by section 5 of this chapter, the
 34 entity that imposed the county economic development income tax
 35 under section 5 of this chapter (or, in the case of a county that has not
 36 imposed the county economic development income tax, the entity that
 37 may impose the county economic development income tax under
 38 section 5(a)(3) of this chapter) may by ordinance impose an additional
 39 county economic development income tax at a rate of five-hundredths
 40 of one percent (0.05%) on the adjusted gross income of county
 41 taxpayers.

42 (c) If an additional county economic development income tax is

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1 imposed under this section, the county treasurer shall establish a county
 2 regional development authority fund. Notwithstanding any other
 3 provision of this chapter, the county economic development income tax
 4 revenues derived from the additional county economic development
 5 income tax imposed under this section must be deposited in the county
 6 regional development authority fund before any certified distributions
 7 are made under section 12 of this chapter.

8 (d) County economic development income tax revenues derived
 9 from the additional county economic development income tax imposed
 10 under this section and deposited in the county regional development
 11 authority fund:

12 (1) shall, not more than thirty (30) days after being deposited in
 13 the county regional development authority fund, be transferred as
 14 provided in IC 36-7.6-4-2 to the development fund of the regional
 15 development authority for which the county is a member; and

16 (2) may not be considered by the department of local government
 17 finance in determining the county's maximum permissible
 18 property tax levy under IC 6-1.1-18.5.

19 (e) Notwithstanding sections 5 and 6 of this chapter, if a county
 20 becomes a member of a regional development authority under
 21 IC 36-7.6 and imposes an additional county economic development
 22 income tax under this section **before July 1 of a year**, then,
 23 notwithstanding section 11 or any other provision of this chapter, the
 24 initial certified distribution of the tax revenue that results from the
 25 additional tax shall be distributed to the county treasurer from the
 26 account established for the county under this chapter according to the
 27 following schedule during the eighteen (18) month period beginning on
 28 July 1 of the year in which the county adopts the ordinance to impose
 29 the additional tax:

30 (1) One-fourth (1/4) on October 1 of the year in which the
 31 ordinance to impose the additional tax is adopted.

32 (2) One-fourth (1/4) on January 1 of the calendar year following
 33 the year in which the ordinance to impose the additional tax is
 34 adopted.

35 (3) One-fourth (1/4) on May 1 of the calendar year following the
 36 year in which the ordinance to impose the additional tax is
 37 adopted.

38 (4) One-fourth (1/4) on November 1 of the calendar year
 39 following the year in which the ordinance to impose the additional
 40 tax is adopted.

41 **SECTION 33. An emergency is declared for this act.**

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