SENATE BILL No. 349

DIGEST OF INTRODUCED BILL

Citations Affected: Numerous provisions throughout the Indiana Code.

Synopsis: Homestead property taxes and sales and use taxes. Eliminates property taxes on primary residences (homesteads). Decreases the state sales and use tax rate from 7% to 5.5%. Provides that sales and use tax applies to transactions involving services, except for legal services, health or mental health services (including insurance premiums for policies covering these services), and services provided for charitable tax exempt purposes. Deposits the increased sales and use tax revenue in the state general fund. Provides an annual state distribution to offset the property tax exemption for homesteads using gross assessed values of homesteads. Reduces actual property tax levies by the amount of the state distribution. Reduces local option income tax rates by the part attributable to paying homestead credits, property tax replacement credits on homesteads, or freezing levy growth on homesteads unless the county adopts an ordinance to allocate the revenue to the general fund of the various civil taxing units in the county. Eliminates the right of a governmental unit, including special benefit districts, to place a lien on a homestead. Increases the maximum renter's deduction for income tax purposes from $3,000 to $8,000 per taxable year. Removes references to the homestead credit throughout the Indiana Code. Removes superseded provisions. Makes conforming changes. Makes an ongoing appropriation.

Effective: Upon passage; July 1, 2011; January 1, 2012.

Young R Michael

January 11, 2011, read first time and referred to Committee on Appropriations.

C o p y

Introduced

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.

C o p y

SENATE BILL No. 349

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

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

SECTION 1. IC 4-33-12-6, AS AMENDED BY P.L.96-2010, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 6. (a) The department shall place in the state general fund the tax revenue collected under this chapter.

(b) Except as provided by subsections (c) and (d), ~~and IC 6-3.1-20-7,~~ the treasurer of state shall quarterly pay the following amounts:

(1) Except as provided in subsection (k), one dollar ($1) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat that has implemented flexible scheduling under IC 4-33-6-21 during the quarter shall be paid to:

(A) the city in which the riverboat is docked, if the city:

(i) is located in a county having a population of more than one hundred ten thousand (110,000) but less than one hundred fifteen thousand (115,000); or

(ii) is contiguous to the Ohio River and is the largest city in

the county; and

(B) the county in which the riverboat is docked, if the riverboat is not docked in a city described in clause (A).

(2) Except as provided in subsection (k), one dollar ($1) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county in which the riverboat is docked. In the case of a county described in subdivision (1)(B), this one dollar ($1) is in addition to the one dollar ($1) received under subdivision (1)(B).

(3) Except as provided in subsection (k), ten cents ($0.10) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.

(4) Except as provided in subsection (k), fifteen cents ($0.15) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during a quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the state fair commission, for use in any activity that the commission is authorized to carry out under IC 15-13-3.

(5) Except as provided in subsection (k), ten cents ($0.10) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the division of mental health and addiction. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

(6) Except as provided in subsection (k) and section 7 of this chapter, sixty-five cents ($0.65) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21 shall be paid to the Indiana horse racing commission

C o p y

to be distributed as follows, in amounts determined by the Indiana horse racing commission, for the promotion and operation of horse racing in Indiana:

(A) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.

(B) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this clause only for purses, promotions, and routine operations of the racetrack. No grants shall be made for long term capital investment or construction, and no grants shall be made before the racetrack becomes operational and is offering a racing schedule.

(c) With respect to tax revenue collected from a riverboat located in a historic hotel district, the treasurer of state shall quarterly pay the following:

(1) With respect to admissions taxes collected for a person admitted to the riverboat before July 1, 2010, the following amounts:

(A) Twenty-two percent (22%) of the admissions tax collected during the quarter shall be paid to the county treasurer of the county in which the riverboat is located. The county treasurer shall distribute the money received under this clause as follows:

(i) Twenty-two and seventy-five hundredths percent (22.75%) shall be quarterly distributed to the county treasurer of a county having a population of more than thirty-nine thousand six hundred (39,600) but less than forty thousand (40,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this item to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(ii) Twenty-two and seventy-five hundredths percent (22.75%) shall be quarterly distributed to the county treasurer of a county having a population of more than ten thousand seven hundred (10,700) but less than twelve thousand (12,000) for appropriation by the county fiscal body. The county fiscal body for the receiving county shall provide for the distribution of the money received under this

C o p y

item to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(iii) Fifty-four and five-tenths percent (54.5%) shall be retained by the county where the riverboat is located for appropriation by the county fiscal body after receiving a recommendation from the county executive.

(B) Five percent (5%) of the admissions tax collected during the quarter shall be paid to a town having a population of more than two thousand two hundred (2,200) but less than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000). At least twenty percent (20%) of the taxes received by a town under this clause must be transferred to the school corporation in which the town is located.

(C) Five percent (5%) of the admissions tax collected during the quarter shall be paid to a town having a population of more than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000). At least twenty percent (20%) of the taxes received by a town under this clause must be transferred to the school corporation in which the town is located.

(D) Twenty percent (20%) of the admissions tax collected during the quarter shall be paid in equal amounts to each town that:

(i) is located in the county in which the riverboat is located; and

(ii) contains a historic hotel.

At least twenty percent (20%) of the taxes received by a town under this clause must be transferred to the school corporation in which the town is located.

(E) Ten percent (10%) of the admissions tax collected during the quarter shall be paid to the Orange County development commission established under IC 36-7-11.5. At least one-third (1/3) of the taxes paid to the Orange County development commission under this clause must be transferred to the Orange County convention and visitors bureau.

(F) Thirteen percent (13%) of the admissions tax collected during the quarter shall be paid to the West Baden Springs

C o p y

historic hotel preservation and maintenance fund established by IC 36-7-11.5-11(b).

(G) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the Indiana economic development corporation to be used by the corporation for the development and implementation of a regional economic development strategy to assist the residents of the county in which the riverboat is located and residents of contiguous counties in improving their quality of life and to help promote successful and sustainable communities. The regional economic development strategy must include goals concerning the following issues:

(i) Job creation and retention.

(ii) Infrastructure, including water, wastewater, and storm water infrastructure needs.

(iii) Housing.

(iv) Workforce training.

(v) Health care.

(vi) Local planning.

(vii) Land use.

(viii) Assistance to regional economic development groups.

(ix) Other regional development issues as determined by the Indiana economic development corporation.

(2) With respect to admissions taxes collected for a person admitted to the riverboat after June 30, 2010, the following amounts:

(A) Twenty-nine and thirty-three hundredths percent (29.33%) to the county treasurer of Orange County. The county treasurer shall distribute the money received under this clause as follows:

(i) Twenty-two and seventy-five hundredths percent (22.75%) to the county treasurer of Dubois County for distribution in the manner described in subdivision (1)(A)(i).

(ii) Twenty-two and seventy-five hundredths percent (22.75%) to the county treasurer of Crawford County for distribution in the manner described in subdivision (1)(A)(ii).

(iii) Fifty-four and five-tenths percent (54.5%) to be retained by the county treasurer of Orange County for appropriation by the county fiscal body after receiving a recommendation from the county executive.

C o p y

(B) Six and sixty-seven hundredths percent (6.67%) to the fiscal officer of the town of Orleans. At least twenty percent (20%) of the taxes received by the town under this clause must be transferred to Orleans Community Schools.

(C) Six and sixty-seven hundredths percent (6.67%) to the fiscal officer of the town of Paoli. At least twenty percent (20%) of the taxes received by the town under this clause must be transferred to the Paoli Community School Corporation.

(D) Twenty-six and sixty-seven hundredths percent (26.67%) to be paid in equal amounts to the fiscal officers of the towns of French Lick and West Baden Springs. At least twenty percent (20%) of the taxes received by a town under this clause must be transferred to the Springs Valley Community School Corporation.

(E) Thirty and sixty-six hundredths percent (30.66%) to the Indiana economic development corporation to be used in the manner described in subdivision (1)(G).

(d) With respect to tax revenue collected from a riverboat that operates from a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000), the treasurer of state shall quarterly pay the following amounts:

(1) Except as provided in subsection (k), one dollar ($1) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the city in which the riverboat is docked.

(2) Except as provided in subsection (k), one dollar ($1) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county in which the riverboat is docked.

(3) Except as provided in subsection (k), nine cents ($0.09) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.

(4) Except as provided in subsection (k), one cent ($0.01) of the admissions tax collected by the licensed owner for each person:

C o p y

(A) embarking on a gambling excursion during the quarter; or
(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the northwest Indiana law enforcement training center.

(5) Except as provided in subsection (k), fifteen cents ($0.15) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or
(B) admitted to a riverboat during a quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the state fair commission for use in any activity that the commission is authorized to carry out under IC 15-13-3.

(6) Except as provided in subsection (k), ten cents ($0.10) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or
(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the division of mental health and addiction. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

(7) Except as provided in subsection (k) and section 7 of this chapter, sixty-five cents ($0.65) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21 shall be paid to the Indiana horse racing commission to be distributed as follows, in amounts determined by the Indiana horse racing commission, for the promotion and operation of horse racing in Indiana:

(A) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.
(B) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this clause only for purses, promotions, and routine operations of the racetrack. No grants shall be made for long term capital investment or construction, and no grants shall be made before the racetrack becomes operational and is offering a racing schedule.

(e) Money paid to a unit of local government under subsection (b), (c), or (d):

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(1) must be paid to the fiscal officer of the unit and may be deposited in the unit's general fund or riverboat fund established under IC 36-1-8-9, or both;

(2) may not be used to reduce the unit's maximum levy under IC 6-1.1-18.5 but may be used at the discretion of the unit to reduce the property tax levy of the unit for a particular year;

(3) may be used for any legal or corporate purpose of the unit, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4; and

(4) is considered miscellaneous revenue.

(f) Money paid by the treasurer of state under subsection (b)(3) or (d)(3) shall be:

(1) deposited in:

(A) the county convention and visitor promotion fund; or

(B) the county's general fund if the county does not have a convention and visitor promotion fund; and

(2) used only for the tourism promotion, advertising, and economic development activities of the county and community.

(g) Money received by the division of mental health and addiction under subsections (b)(5) and (d)(6):

(1) is annually appropriated to the division of mental health and addiction;

(2) shall be distributed to the division of mental health and addiction at times during each state fiscal year determined by the budget agency; and

(3) shall be used by the division of mental health and addiction for programs and facilities for the prevention and treatment of addictions to drugs, alcohol, and compulsive gambling, including the creation and maintenance of a toll free telephone line to provide the public with information about these addictions. The division shall allocate at least twenty-five percent (25%) of the money received to the prevention and treatment of compulsive gambling.

(h) This subsection applies to the following:

(1) Each entity receiving money under subsection (b).

(2) Each entity receiving money under subsection (d)(1) through (d)(2).

(3) Each entity receiving money under subsection (d)(5) through (d)(7).

The treasurer of state shall determine the total amount of money paid by the treasurer of state to an entity subject to this subsection during the state fiscal year 2002. The amount determined under this subsection

C o p y

is the base year revenue for each entity subject to this subsection. The treasurer of state shall certify the base year revenue determined under this subsection to each entity subject to this subsection.

(i) This subsection applies to an entity receiving money under subsection (d)(3) or (d)(4). The treasurer of state shall determine the total amount of money paid by the treasurer of state to the entity described in subsection (d)(3) during state fiscal year 2002. The amount determined under this subsection multiplied by nine-tenths (0.9) is the base year revenue for the entity described in subsection (d)(3). The amount determined under this subsection multiplied by one-tenth (0.1) is the base year revenue for the entity described in subsection (d)(4). The treasurer of state shall certify the base year revenue determined under this subsection to each entity subject to this subsection.

(j) This subsection does not apply to an entity receiving money under subsection (c). For state fiscal years beginning after June 30, 2002, the total amount of money distributed to an entity under this section during a state fiscal year may not exceed the entity's base year revenue as determined under subsection (h) or (i). If the treasurer of state determines that the total amount of money distributed to an entity under this section during a state fiscal year is less than the entity's base year revenue, the treasurer of state shall make a supplemental distribution to the entity under IC 4-33-13-5(g).

(k) This subsection does not apply to an entity receiving money under subsection (c). For state fiscal years beginning after June 30, 2002, the treasurer of state shall pay that part of the riverboat admissions taxes that:

(1) exceeds a particular entity's base year revenue; and

(2) would otherwise be due to the entity under this section;

to the state general fund instead of to the entity.

SECTION 2. IC 4-33-13-5, AS AMENDED BY P.L.96-2010, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 5. (a) This subsection does not apply to tax revenue remitted by an operating agent operating a riverboat in a historic hotel district. After funds are appropriated under section 4 of this chapter, each month the treasurer of state shall distribute the tax revenue deposited in the state gaming fund under this chapter to the following:

(1) The first thirty-three million dollars ($33,000,000) of tax revenues collected under this chapter shall be set aside for revenue sharing under subsection (e).

(2) Subject to subsection (c), twenty-five percent (25%) of the

C o p y

remaining tax revenue remitted by each licensed owner shall be paid:

(A) to the city that is designated as the home dock of the riverboat from which the tax revenue was collected, in the case of:

(i) a city described in IC 4-33-12-6(b)(1)(A); or

(ii) a city located in a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000); or

(B) to the county that is designated as the home dock of the riverboat from which the tax revenue was collected, in the case of a riverboat whose home dock is not in a city described in clause (A).

(3) Subject to subsection (d), the remainder of the tax revenue remitted by each licensed owner shall be paid to the state general fund. In each state fiscal year, the treasurer of state shall make the transfer required by this subdivision not later than the last business day of the month in which the tax revenue is remitted to the state for deposit in the state gaming fund. However, if tax revenue is received by the state on the last business day in a month, the treasurer of state may transfer the tax revenue to the state general fund in the immediately following month.

(b) This subsection applies only to tax revenue remitted by an operating agent operating a riverboat in a historic hotel district. After funds are appropriated under section 4 of this chapter, each month the treasurer of state shall distribute the tax revenue remitted by the operating agent under this chapter as follows:

(1) Thirty-seven and one-half percent (37.5%) shall be paid to the state general fund.

(2) Nineteen percent (19%) shall be paid to the West Baden Springs historic hotel preservation and maintenance fund established by IC 36-7-11.5-11(b). However, at any time the balance in that fund exceeds twenty million dollars ($20,000,000), the amount described in this subdivision shall be paid to the state general fund.

(3) Eight percent (8%) shall be paid to the Orange County development commission established under IC 36-7-11.5.

(4) Sixteen percent (16%) shall be paid in equal amounts to each town that is located in the county in which the riverboat is located and contains a historic hotel. The following apply to taxes received by a town under this subdivision:

(A) At least twenty-five percent (25%) of the taxes must be

C o p y

transferred to the school corporation in which the town is located.

(B) At least twelve and five-tenths percent (12.5%) of the taxes imposed on adjusted gross receipts received after June 30, 2010, must be transferred to the Orange County development commission established by IC 36-7-11.5-3.5.

(5) Nine percent (9%) shall be paid to the county treasurer of the county in which the riverboat is located. The county treasurer shall distribute the money received under this subdivision as follows:

(A) Twenty-two and twenty-five hundredths percent (22.25%) shall be quarterly distributed to the county treasurer of a county having a population of more than thirty-nine thousand six hundred (39,600) but less than forty thousand (40,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(B) Twenty-two and twenty-five hundredths percent (22.25%) shall be quarterly distributed to the county treasurer of a county having a population of more than ten thousand seven hundred (10,700) but less than twelve thousand (12,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(C) Fifty-five and five-tenths percent (55.5%) shall be retained by the county in which the riverboat is located for appropriation by the county fiscal body after receiving a recommendation from the county executive.

(6) Five percent (5%) shall be paid to a town having a population of more than two thousand two hundred (2,200) but less than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000). At least forty percent (40%) of the taxes received by a town under this

C o p y

subdivision must be transferred to the school corporation in which the town is located.

(7) Five percent (5%) shall be paid to a town having a population of more than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000). At least forty percent (40%) of the taxes received by a town under this subdivision must be transferred to the school corporation in which the town is located.

(8) Five-tenths percent (0.5%) of the taxes imposed on adjusted gross receipts received after June 30, 2010, shall be paid to the Indiana economic development corporation established by IC 5-28-3-1.

(c) For each city and county receiving money under subsection (a)(2), the treasurer of state shall determine the total amount of money paid by the treasurer of state to the city or county during the state fiscal year 2002. The amount determined is the base year revenue for the city or county. The treasurer of state shall certify the base year revenue determined under this subsection to the city or county. The total amount of money distributed to a city or county under this section during a state fiscal year may not exceed the entity's base year revenue. For each state fiscal year, the treasurer of state shall pay that part of the riverboat wagering taxes that:

(1) exceeds a particular city's or county's base year revenue; and

(2) would otherwise be due to the city or county under this section;

to the state general fund instead of to the city or county.

(d) Each state fiscal year the treasurer of state shall transfer from the tax revenue remitted to the state general fund under subsection (a)(3) to the build Indiana fund an amount that when added to the following may not exceed two hundred fifty million dollars ($250,000,000):

(1) Surplus lottery revenues under IC 4-30-17-3.

(2) Surplus revenue from the charity gaming enforcement fund under IC 4-32.2-7-7.

(3) Tax revenue from pari-mutuel wagering under IC 4-31-9-3.

The treasurer of state shall make transfers on a monthly basis as needed to meet the obligations of the build Indiana fund. If in any state fiscal year insufficient money is transferred to the state general fund under subsection (a)(3) to comply with this subsection, the treasurer of state shall reduce the amount transferred to the build Indiana fund to the amount available in the state general fund from the transfers under subsection (a)(3) for the state fiscal year.

C o p y

(e) Before August 15 of each year, the treasurer of state shall distribute the wagering taxes set aside for revenue sharing under subsection (a)(1) to the county treasurer of each county that does not have a riverboat according to the ratio that the county's population bears to the total population of the counties that do not have a riverboat. Except as provided in subsection (h), the county auditor shall distribute the money received by the county under this subsection as follows:

(1) To each city located in the county according to the ratio the city's population bears to the total population of the county.

(2) To each town located in the county according to the ratio the town's population bears to the total population of the county.

(3) After the distributions required in subdivisions (1) and (2) are made, the remainder shall be retained by the county.

(f) Money received by a city, town, or county under subsection (e) or (h) may be used for any of the following purposes:

(1) To reduce the property tax levy of the city, town, or county for a particular year (a property tax reduction under this subdivision does not reduce the maximum levy of the city, town, or county under IC 6-1.1-18.5).

(2) For deposit in a special fund or allocation fund created under IC 8-22-3.5, IC 36-7-14, IC 36-7-14.5, IC 36-7-15.1, and IC 36-7-30 to provide funding for debt repayment.

(3) To fund sewer and water projects, including storm water management projects.

(4) For police and fire pensions.

(5) To carry out any governmental purpose for which the money is appropriated by the fiscal body of the city, town, or county. Money used under this subdivision does not reduce the property tax levy of the city, town, or county for a particular year or reduce the maximum levy of the city, town, or county under IC 6-1.1-18.5.

(g) This subsection does not apply to an entity receiving money under IC 4-33-12-6(c). Before September 15 of each year, the treasurer of state shall determine the total amount of money distributed to an entity under IC 4-33-12-6 during the preceding state fiscal year. If the treasurer of state determines that the total amount of money distributed to an entity under IC 4-33-12-6 during the preceding state fiscal year was less than the entity's base year revenue (as determined under IC 4-33-12-6), the treasurer of state shall make a supplemental distribution to the entity from taxes collected under this chapter and deposited into the state general fund. Except as provided in subsection

C o p y

(i), the amount of an entity's supplemental distribution is equal to:

(1) the entity's base year revenue (as determined under IC 4-33-12-6); minus

(2) the ~~sum of:~~

~~(A) the~~ total amount of money distributed to the entity during the preceding state fiscal year under IC 4-33-12-6. ~~plus~~

~~(B) any amounts deducted under IC 6-3.1-20-7.~~

(h) This subsection applies only to a county containing a consolidated city. The county auditor shall distribute the money received by the county under subsection (e) as follows:

(1) To each city, other than a consolidated city, located in the county according to the ratio that the city's population bears to the total population of the county.

(2) To each town located in the county according to the ratio that the town's population bears to the total population of the county.

(3) After the distributions required in subdivisions (1) and (2) are made, the remainder shall be paid in equal amounts to the consolidated city and the county.

(i) This subsection applies only to the Indiana horse racing commission. For each state fiscal year the amount of the Indiana horse racing commission's supplemental distribution under subsection (g) must be reduced by the amount required to comply with IC 4-33-12-7(a).

SECTION 3. IC 6-1.1-5.5-3, AS AMENDED BY P.L.1-2009, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 3. (a) For purposes of this section, "party" includes:

(1) a seller of property that is exempt under the seller's ownership; or

(2) a purchaser of property that is exempt under the purchaser's ownership;

from property taxes under IC 6-1.1-10 **or IC 6-1.1-10.2.**

(b) Subject to subsections (g) and (h), before filing a conveyance document with the county auditor under IC 6-1.1-5-4, all the parties to the conveyance must do the following:

(1) Complete and sign a sales disclosure form as prescribed by the department of local government finance under section 5 of this chapter. All the parties may sign one (1) form, or if all the parties do not agree on the information to be included on the completed form, each party may sign and file a separate form. For conveyance transactions involving more than two (2) parties, one (1) transferor and one (1) transferee signing the sales disclosure

C o p y

form is sufficient.

(2) Before filing a sales disclosure form with the county auditor, submit the sales disclosure form to the county assessor. The county assessor must review the accuracy and completeness of each sales disclosure form submitted immediately upon receipt of the form and, if the form is accurate and complete, stamp or otherwise approve the form as eligible for filing with the county auditor and return the form to the appropriate party for filing with the county auditor. If multiple forms are filed in a short period, the county assessor shall process the forms as quickly as possible. For purposes of this subdivision, a sales disclosure form is considered to be accurate and complete if:

(A) the county assessor does not have substantial evidence when the form is reviewed under this subdivision that information in the form is inaccurate; and

(B) both of the following conditions are satisfied:

(i) The form contains the information required by section 5(a)(1) through 5(a)(16) of this chapter as that section applies to the conveyance transaction, subject to the obligation of a party to furnish or correct that information in the manner required by and subject to the penalty provisions of section 12 of this chapter. The form may not be rejected for failure to contain information other than that required by section 5(a)(1) through 5(a)(16) of this chapter.

(ii) The form is submitted to the county assessor in a format usable to the county assessor.

(3) File the sales disclosure form with the county auditor.

(c) **This subsection does not apply to a county having a consolidated city.** The auditor shall review each sales disclosure form and process any ~~deduction~~ **homestead exemption** for which the form serves as an application under ~~IC 6-1.1-12-44.~~ **IC 6-1.1-10.2.** The auditor shall forward each sales disclosure form to the county assessor. The county assessor shall verify the assessed valuation of the property for the assessment date to which the application applies and transmit that assessed valuation to the auditor. The county assessor shall retain the forms for five (5) years. The county assessor shall forward the sales disclosure form data to the department of local government finance and the legislative services agency in an electronic format specified jointly by the department of local government finance and the legislative services agency. The county assessor shall forward a copy of the sales disclosure forms to the township assessors in the county. The forms may be used by the county assessing officials, the department of local

C o p y

government finance, and the legislative services agency for the purposes established in IC 6-1.1-4-13.6, sales ratio studies, equalization, adoption of rules under IC 6-1.1-31-3 and IC 6-1.1-31-6, and any other authorized purpose.

(d) In a county containing a consolidated city, the auditor shall review each sales disclosure form and process any ~~deduction~~ **homestead exemption** for which the form serves as an application under ~~IC 6-1.1-12-44.~~ **IC 6-1.1-10.2.** The auditor shall forward the sales disclosure form to the appropriate township assessor (if any). The township assessor shall verify the assessed valuation of the property for the assessment date to which the application applies and transmit that assessed valuation to the auditor. The township or county assessor shall forward the sales disclosure form to the department of local government finance and the legislative services agency in an electronic format specified jointly by the department of local government finance and the legislative services agency. The forms may be used by the county assessing officials, the county auditor, the department of local government finance, and the legislative services agency for the purposes established in IC 6-1.1-4-13.6, sales ratio studies, equalization, adoption of rules under IC 6-1.1-31-3 and IC 6-1.1-31-6, and any other authorized purpose.

(e) If a sales disclosure form includes the telephone number or Social Security number of a party, the telephone number ~~or~~ **and** Social Security number ~~is~~ **are** confidential.

(f) County assessing officials, county auditors, and other local officials may not establish procedures or requirements concerning sales disclosure forms that substantially differ from the procedures and requirements of this chapter.

(g) Except as provided in subsection (h), a separate sales disclosure form is required for each parcel conveyed, regardless of whether more than one (1) parcel is conveyed under a single conveyance document.

(h) Only one (1) sales disclosure form is required for the conveyance under a single conveyance document of two (2) or more contiguous parcels located entirely within a single taxing district.

SECTION 4. IC 6-1.1-5.5-5, AS AMENDED BY P.L.87-2009, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 5. (a) The department of local government finance shall prescribe a sales disclosure form for use under this chapter. The form prescribed by the department of local government finance must include at least the following information:

(1) The key number (as defined in IC 6-1.1-1-8.5) of each parcel.

(2) With respect to each parcel, whether the entire parcel is being

C o p y

conveyed.
(3) The address of each improved parcel.
(4) The date of the execution of the form.
(5) The date the property was transferred.
(6) Whether the transfer includes an interest in land or improvements, or both.
(7) Whether the transfer includes personal property.
(8) An estimate of the value of any personal property included in the transfer.
(9) The name, address, and telephone number of:
(A) each transferor and transferee; and
(B) the person that prepared the form.
(10) The mailing address to which the property tax ~~bills~~ **statements** or other official correspondence should be sent.
(11) The ownership interest transferred.
(12) The classification of the property (as **homestead,** residential, commercial, industrial, agricultural, vacant land, or other).
(13) Subject to subsection (c), the total price actually paid or required to be paid in exchange for the conveyance, whether in terms of money, property, a service, an agreement, or other consideration, but excluding tax payments and payments for legal and other services that are incidental to the conveyance.
(14) The terms of seller provided financing, such as interest rate, points, type of loan, amount of loan, and amortization period, and whether the borrower is personally liable for repayment of the loan.
(15) Any family or business relationship existing between the transferor and the transferee.
(16) A legal description of each parcel subject to the conveyance.
(17) Whether the transferee is using the form to claim ~~one (1) or more deductions under IC 6-1.1-12-44~~ **the homestead exemption provided by IC 6-1.1-10.2** for property taxes first due and payable in a calendar year after ~~2008.~~ **2011.**
(18) If the transferee uses the form to claim the ~~standard deduction under IC 6-1.1-12-37,~~ **homestead exemption provided by IC 6-1.1-10.2,** the information required for ~~a standard deduction under IC 6-1.1-12-37.~~ **the homestead exemption under IC 6-1.1-10.2.**
(19) Sufficient instructions and information to permit a party to terminate a ~~standard deduction under IC 6-1.1-12-37~~ **homestead exemption under IC 6-1.1-10.2** on any parcel of property on which the party or the spouse of the party will no longer be

C o p y

eligible for the ~~standard deduction under IC 6-1.1-12-37~~ **homestead exemption under IC 6-1.1-10.2** after the party or the party's spouse begins to reside at the property that is the subject of the sales disclosure form, including an explanation of the tax consequences and applicable penalties if a party unlawfully claims a ~~standard deduction under IC 6-1.1-12-37.~~ **homestead exemption under IC 6-1.1-10.2.**

(20) Other information as required by the department of local government finance to carry out this chapter.

If a form under this section includes the telephone number or part or all of the Social Security number of a party, the telephone number ~~or~~ **and** the Social Security number ~~is~~ **are** confidential.

(b) The instructions for completing the form described in subsection (a) must include the information described in IC 6-1.1-12-43(c)(1).

(c) If the conveyance includes more than one (1) parcel as described in section 3(h) of this chapter, the form:

(1) is not required to include the price referred to in subsection (a)(13) for each of the parcels subject to the conveyance; and

(2) may state a single combined price for all of those parcels.

SECTION 5. IC 6-1.1-10.2 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]:

Chapter 10.2. Homestead Exemption

Sec. 1. (a) As used in this chapter, "homestead" means an individual's principal place of residence that:

(1) is located in Indiana;

(2) the individual:

(A) owns;

(B) is buying under a contract, recorded in the county recorder's office, that provides that the individual is to pay the property taxes on the residence; or

(C) is entitled to occupy as a tenant-stockholder (as defined in 26 U.S.C. 216) of a cooperative housing corporation (as defined in 26 U.S.C. 216); and

(3) consists of:

(A) residential real property improvements, including a house or garage;

(B) a mobile home that is not assessed as real property; or

(C) a manufactured home that is not assessed as real property;

and the real estate, not exceeding one (1) acre, that immediately surrounds the dwelling.

C o p y

(b) The term includes the principal place of residence of an individual even if the property is owned by an entity that is not described in subsection (a)(2), if the individual residing on the property is a shareholder, partner, or member of the entity that owns the property and the property was eligible for the standard deduction under IC 6-1.1-12-37 (repealed) on March 1, 2011.

Sec. 2. Tangible property consisting of a homestead is exempt from property taxation.

Sec. 3. (a) An individual who in a particular year either owns or is buying a homestead under a contract that provides the individual is to pay the property taxes on the homestead is entitled to the exemption provided by this chapter.

(b) A taxpayer other than an individual is entitled to the exemption provided by this chapter if the tangible property otherwise qualifies as the individual's homestead and the individual has a beneficial interest in the taxpayer.

(c) A trust is entitled to the exemption provided by this chapter for real property owned by the trust and occupied by an individual if the county auditor determines that the individual:

(1) upon verification in the body of the deed or otherwise, has either:

(A) a beneficial interest in the trust; or

(B) the right to occupy the real property rent free under the terms of a qualified personal residence trust created by the individual under United States Treasury Regulation Section 25.2702-5(c)(2);

(2) otherwise qualifies for the exemption; and

(3) would be considered the owner of the real property under IC 6-1.1-1-9(f) or IC 6-1.1-1-9(g).

Sec. 4. IC 6-1.1-11 does not apply to claiming the exemption provided by this chapter.

Sec. 5. (a) An individual who desires to claim the exemption provided by this chapter must file a certified statement in duplicate, on forms prescribed by the department of local government finance, with the auditor of the county in which the homestead is located. The statement must include:

(1) the parcel number or key number of the property and the name of the city, town, or township in which the property is located;

(2) the name of any other location in which the applicant or the applicant's spouse owns, is buying, or has a beneficial interest in residential real property;

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(3) the names of:

(A) the applicant and the applicant's spouse (if any):

(i) as the names appear in the records of the United States Social Security Administration for the purposes of the issuance of a Social Security card and Social Security number; or

(ii) as the names appear on legal documents signed by the applicant and the applicant's spouse (if any);

if the applicant is an individual; or

(B) each individual who qualifies property as a homestead under subsection (a)(2) and the individual's spouse (if any):

(i) as the names appear in the records of the United States Social Security Administration for the purposes of the issuance of a Social Security card and Social Security number; or

(ii) as the names appear on legal documents signed by the applicant and the applicant's spouse (if any);

if the applicant is not an individual; and

(4) either of the following:

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

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

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

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

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

If a form or statement provided to the county auditor under this section, IC 6-1.1-22-8.1, or IC 6-1.1-22.5-12 includes the telephone number or part or all of the Social Security number of a party or another number described in subdivision (4)(B) of a party, the telephone number and the Social Security number or other number described in subdivision (4)(B) included are confidential. The statement may be filed in person or by mail. If the statement is

C o p y

mailed, the mailing must be postmarked on or before the last day for filing. The statement applies for that first year and any succeeding year for which the exemption is allowed. With respect to real property, the statement must be completed and dated in the calendar year for which the person desires to obtain the exemption and filed with the county auditor on or before January 5 of the immediately succeeding calendar year. With respect to a mobile home that is not assessed as real property, the person must file the statement during the twelve (12) months before March 31 of the year for which the person desires to obtain the exemption.

(b) The certified statement referred to in subsection (a) must contain the name of any other county and township in which the individual owns or is buying residential real property.

Sec. 6. (a) If an individual who is receiving the exemption provided by this chapter changes the use of the individual's tangible property so that part or all of the tangible property no longer qualifies for the exemption, the individual must file a certified statement with the auditor of the county, notifying the auditor of the change of use not later than sixty (60) days after the date of that change.

(b) An individual who changes the use of the individual's tangible property and fails to file the statement required by this subsection is liable for:

(1) the amount of the property taxes for the tangible property; plus

(2) ten percent (10%) of the amount of property taxes for each year or part of a year for which the exemption was unlawfully claimed.

(c) The county assessor immediately shall assess the tangible property, and the county auditor shall determine the amount of property taxes due and payable, plus interest, for all years for which the tangible property did not qualify for the exemption.

Sec. 7. (a) An individual who receives the exemption provided by this chapter in a particular year and who remains eligible for the exemption in the following year is not required to file a statement to apply for the exemption in the following year.

(b) An individual who receives the exemption provided by this chapter for tangible property that is jointly held with another owner in a particular year and remains eligible for the exemption in the following year is not required to file a statement to reapply for the exemption following the removal of the joint owner if:

(1) the individual is the sole owner of the property following

C o p y

the death of the other joint owner; or

(2) the individual is awarded sole ownership of the property in a divorce decree.

(c) A trust that is entitled to the exemption provided by this chapter for tangible property owned by the trust and occupied by an individual as a homestead in accordance with this chapter is not required to file a statement to apply for the exemption if:

(1) the individual who occupies the tangible property receives the exemption provided by this chapter in a particular year; and

(2) the trust is otherwise eligible for the exemption in the following year.

(d) The auditor of each county shall apply the exemption provided under this chapter to each homestead that received the exemption in the preceding year unless the auditor or assessor determines that the tangible property is no longer eligible for the exemption.

Sec. 8. (a) Subject to subsection (b), an exemption under this chapter applies for an assessment date and for the property taxes due and payable based on the assessment for that assessment date, regardless of whether with respect to the homestead:

(1) the title is conveyed one (1) or more times; or

(2) one (1) or more contracts to purchase are entered into;

after that assessment date and on or before the next succeeding assessment date.

(b) Subsection (a) applies:

(1) only if the tangible property and title holder or the contract buyer on the next succeeding assessment date is eligible for the exemption for the next succeeding assessment date; and

(2) regardless of whether:

(A) one (1) or more grantees of title under subsection (a)(1); or

(B) one (1) or more contract purchasers under subsection (a)(2);

file a statement under this chapter to claim the exemption.

Sec. 9. (a) A sales disclosure form under IC 6-1.1-5.5:

(1) that is submitted:

(A) as a paper form; or

(B) electronically;

on or before December 31 of a calendar year to the county assessor by or on behalf of the purchaser of a homestead

C o p y

assessed as real property;
(2) that is accurate and complete;
(3) that is approved by the county assessor as eligible for filing with the county auditor; and
(4) that is filed:
(A) as a paper form; or
(B) electronically;
with the county auditor by or on behalf of the purchaser;

constitutes an application for the exemption provided by this chapter with respect to property taxes first due and payable in the calendar year that immediately succeeds the calendar year in which the form is submitted.

(b) Except as provided in subsection (c), if:
(1) the county auditor receives in a calendar year a sales disclosure form that meets the requirements of subsection (a); and
(2) the homestead for which the sales disclosure form is submitted is otherwise eligible for the exemption provided by this chapter;

the county auditor shall apply the exemption provided by this chapter to the homestead for property taxes first due and payable in the calendar year for which the homestead qualifies under subsection (a) and in any later year in which the homestead remains qualified for the exemption.

(c) Subsection (b) does not apply if the county auditor, after receiving a sales disclosure form from or on behalf of a purchaser under subsection (a)(4), determines that the tangible property is ineligible for the exemption provided by this chapter.

Sec. 10. (a) The auditor of a county (referred to in this section as the "first county") with whom:
(1) an exemption statement is filed under this chapter; or
(2) a sales disclosure form is filed under this chapter;

shall immediately prepare and transmit a copy of the statement or form to the auditor of any other county (referred to in this section as the "second county") if the individual who claims the exemption or files the form owns or is buying real property located in the second county.

(b) The county auditor of the second county shall note on the copy of the statement or form whether or not the individual has claimed the exemption for the current year for a homestead located in the second county. The auditor shall then return the copy to the auditor of the first county.

C o p y

Sec. 11. (a) Each year, the county auditor shall ascertain whether more than one (1) claim for the exemption provided by this chapter has been filed by the same individual.

(b) The county auditor may not grant an individual an exemption provided by this chapter if:

(1) the individual, for the same year, claims the exemption:

(A) on two (2) or more different statements;

(B) by submitting two (2) or more different sales disclosure forms; or

(C) through any combination of statements and sales disclosure forms; and

(2) as a result the exemption is claimed for more than one (1) homestead.

Sec. 12. If a property is not qualified for the exemption provided by this chapter, the county auditor shall notify the county assessor of the years for which the exemption is being denied. The county assessor shall assess the property and determine an assessed value for those years. The county auditor shall provide to the county treasurer the information needed for the treasurer to calculate the property taxes owed on the property. The county treasurer shall prepare a property tax statement showing an amount due equal to the sum of the following:

(1) The total property taxes that, if it were not for the exemption, would have been assessed on the property in each year in which the exemption was allowed.

(2) Interest on the property taxes at the rate of fifteen percent (15%) per year.

The county treasurer shall send the statement to the address of the property with a due date that is the same as the date that the next installment of property taxes is due.

SECTION 6. IC 6-1.1-12-0.7, AS AMENDED BY P.L.99-2007, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 0.7. **(a) As used in this section, "individual with a disability" means a person unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment that:**

(1) can be expected to result in death; or

(2) has lasted or can be expected to last for a continuous period of at least twelve (12) months.

(b) Any individual who is sixty-five (65) years of age, is blind, or has a disability ~~(within the meaning of section 11 of this chapter)~~ may appoint an individual eighteen (18) years of age or older to act on the

C o p y

individual's behalf for purposes of filing property tax deduction statements for any deductions provided by this chapter. If a statement is filed by an appointee, the appointee's name, address, and telephone number must be included in the statement.

(c) An individual with a disability making an appointment under this section shall submit proof of the individual's disability in such form and manner as the department prescribes by rule. Proof that a claimant is eligible to receive disability benefits under the federal Social Security Act (42 U.S.C. 301 et seq.) constitutes proof of disability for purposes of this section.

(d) To make an appointment under this section, an individual with a disability not covered under the federal Social Security Act must be examined by a physician and the individual's status as an individual with a disability determined by using the same standards used by the Social Security Administration. The costs of this examination must be borne by the individual.

SECTION 7. IC 6-1.1-12-17.8, AS AMENDED BY P.L.182-2009(ss), SECTION 109, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 17.8. (a) An individual who receives a deduction provided under section 1, ~~9, 11,~~ 13, 14, **or** 16 ~~17.4, or 37~~ of this chapter in a particular year and who remains eligible for the deduction in the following year is not required to file a statement to apply for the deduction in the following year. However, for purposes of a ~~deduction under section 37 of this chapter,~~ **homestead exemption under IC 6-1.1-10.2,** the county auditor may, in the county auditor's discretion, terminate the ~~deduction~~ **exemption** for assessment dates after January 15, 2012, if the individual does not comply with the requirement in IC 6-1.1-22-8.1(b)(9), as determined by the county auditor, before January 1, 2013. Before the county auditor terminates the ~~deduction~~ **homestead exemption** because the taxpayer claiming the ~~deduction~~ **exemption** did not comply with the requirement in IC 6-1.1-22-8.1(b)(9) before January 1, 2013, the county auditor shall mail notice of the proposed termination of the ~~deduction~~ **exemption** to:

(1) the last known address of each person liable for any property taxes or special assessment, as shown on the tax duplicate or special assessment records; or

(2) the last known address of the most recent owner shown in the transfer book.

(b) An individual who receives a deduction provided under section 1, ~~9, 11,~~ 13, 14, **or** 16 ~~or 17.4~~ of this chapter in a particular year and who becomes ineligible for the deduction in the following year shall

C o p y

notify the auditor of the county in which the real property, mobile home, or manufactured home for which the individual claims the deduction is located of the individual's ineligibility in the year in which the individual becomes ineligible. An individual who becomes ineligible for a deduction under section 37 of this chapter shall notify the county auditor of the county in which the property is located in conformity with section 37 of this chapter.

(c) The auditor of each county shall, in a particular year, apply a deduction provided under section 1, ~~9, 11,~~ 13, 14, **or** 16 ~~17.4, or 37~~ of this chapter to each individual who received the deduction in the preceding year unless the auditor determines that the individual is no longer eligible for the deduction.

(d) An individual who receives a deduction provided under section 1, ~~9, 11,~~ 13, 14, **or** 16 ~~17.4, or 37~~ of this chapter for property that is jointly held with another owner in a particular year and remains eligible for the deduction in the following year is not required to file a statement to reapply for the deduction following the removal of the joint owner if:

(1) the individual is the sole owner of the property following the death of the individual's spouse;

(2) the individual is the sole owner of the property following the death of a joint owner who was not the individual's spouse; or

(3) the individual is awarded sole ownership of the property in a divorce decree.

However, for purposes of a ~~deduction under section 37 of this chapter,~~ **homestead exemption under IC 6-1.1-10.2,** if the removal of the joint owner occurs before the date that a notice described in IC 6-1.1-22-8.1(b)(9) is sent, the county auditor may, in the county auditor's discretion, terminate the ~~deduction~~ **exemption** for assessment dates after January 15, 2012, if the individual does not comply with the requirement in IC 6-1.1-22-8.1(b)(9), as determined by the county auditor, before January 1, 2013. Before the county auditor terminates the ~~deduction~~ **exemption** because the taxpayer claiming the ~~deduction~~ **exemption** did not comply with the requirement in IC 6-1.1-22-8.1(b)(9) before January 1, 2013, the county auditor shall mail notice of the proposed termination of the ~~deduction~~ **exemption** to the last known address of each person liable for any property taxes or special assessment, as shown on the tax duplicate or special assessment records or the last known address of the most recent owner shown in the transfer book.

(e) A trust entitled to a deduction under section ~~9, 11,~~ 13, 14, **or** 16 ~~17.4, or 37~~ of this chapter for real property owned by the trust and

C o p y

occupied by an individual in accordance with section 17.9 of this chapter is not required to file a statement to apply for the deduction if:

(1) the individual who occupies the real property receives a deduction provided under section ~~9, 11,~~ 13, 14, **or** 16 ~~17.4, or 37~~ of this chapter in a particular year; and

(2) the trust remains eligible for the deduction in the following year.

However, for purposes of a ~~deduction under section 37 of this chapter,~~ **homestead exemption under IC 6-1.1-10.2,** the individuals that qualify the trust for ~~a deduction~~ **the exemption** must comply with the requirement in IC 6-1.1-22-8.1(b)(9) before January 1, 2013.

(f) A cooperative housing corporation (as defined in 26 U.S.C. 216) that is entitled to a ~~deduction under section 37 of this chapter~~ **homestead exemption under IC 6-1.1-10.2** in the immediately preceding calendar year for a homestead ~~(as defined in section 37 of this chapter)~~ is not required to file a statement to apply for the ~~deduction~~ **exemption** for the current calendar year if the cooperative housing corporation remains eligible for the ~~deduction~~ **exemption** for the current calendar year. However, the county auditor may, in the county auditor's discretion, terminate the ~~deduction~~ **exemption** for assessment dates after January 15, 2012, if the individual does not comply with the requirement in IC 6-1.1-22-8.1(b)(9), as determined by the county auditor, before January 1, 2013. Before the county auditor terminates a ~~deduction~~ **exemption** because the taxpayer claiming the ~~deduction~~ **exemption** did not comply with the requirement in IC 6-1.1-22-8.1(b)(9) before January 1, 2013, the county auditor shall mail notice of the proposed termination of the ~~deduction~~ **exemption** to:

(1) the last known address of each person liable for any property taxes or special assessment, as shown on the tax duplicate or special assessment records; or

(2) the last known address of the most recent owner shown in the transfer book.

(g) An individual who

~~(1)~~ was eligible ~~for a homestead credit under IC 6-1.1-20.9 (repealed) for property taxes imposed for the March 1, 2007, or January 15, 2008, assessment date; or~~

~~(2) would have been eligible for a homestead credit under IC 6-1.1-20.9 (repealed) for property taxes imposed for the March 1, 2008, or January 15, 2009, assessment date if IC 6-1.1-20.9 had not been repealed;~~

for a deduction under section 37 of this chapter (before its repeal)

C o p y

is not required to file a statement to apply for a ~~deduction under section 37 of this chapter~~ **homestead exemption under IC 6-1.1-10.2** if the individual remains eligible for the ~~deduction~~ **exemption** in the current year. An individual who filed for a homestead credit under IC 6-1.1-20.9 (repealed) for an assessment date after March 1, 2007 (if the property is real property), or after January 1, 2008 (if the property is personal property), shall be treated as an individual who has filed for a ~~deduction under section 37 of this chapter.~~ **homestead exemption under IC 6-1.1-10.2.** However, the county auditor may, in the county auditor's discretion, terminate the ~~deduction~~ **exemption** for assessment dates after January 15, 2012, if the individual does not comply with the requirement in IC 6-1.1-22-8.1(b)(9), as determined by the county auditor, before January 1, 2013. Before the county auditor terminates the ~~deduction~~ **exemption** because the taxpayer claiming the ~~deduction~~ **exemption** did not comply with the requirement in IC 6-1.1-22-8.1(b)(9) before January 1, 2013, the county auditor shall mail notice of the proposed termination of the ~~deduction~~ **exemption** to the last known address of each person liable for any property taxes or special assessment, as shown on the tax duplicate or special assessment records, or to the last known address of the most recent owner shown in the transfer book.

(h) If a county auditor terminates a ~~deduction~~ **homestead exemption** because the taxpayer claiming the ~~deduction~~ **exemption** did not comply with the requirement in IC 6-1.1-22-8.1(b)(9) before January 1, 2013, the county auditor shall reinstate the ~~deduction~~ **exemption** if the taxpayer provides proof that the taxpayer is eligible for the ~~deduction~~ **exemption** and is not claiming the ~~deduction~~ **exemption** for any other property.

~~(i) A taxpayer described in section 37(k) of this chapter is not required to file a statement to apply for the deduction provided by section 37 of this chapter for a calendar year beginning after December 31, 2008, if the property owned by the taxpayer remains eligible for the deduction for that calendar year. However, the county auditor may terminate the deduction for assessment dates after January 15, 2012, if the individual residing on the property owned by the taxpayer does not comply with the requirement in IC 6-1.1-22-8.1(b)(9), as determined by the county auditor, before January 1, 2013. Before the county auditor terminates a deduction because the individual residing on the property did not comply with the requirement in IC 6-1.1-22-8.1(b)(9) before January 1, 2013, the county auditor shall mail notice of the proposed termination of the deduction to:~~

~~(1) the last known address of each person liable for any property~~

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~~taxes or special assessment, as shown on the tax duplicate or special assessment records; or~~

~~(2) the last known address of the most recent owner shown in the transfer book.~~

SECTION 8. IC 6-1.1-12-17.9, AS AMENDED BY P.L.101-2008, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 17.9. A trust is entitled to a deduction under section ~~9, 11,~~ 13, 14, **or** 16 ~~or 17.4~~ of this chapter for real property owned by the trust and occupied by an individual if the county auditor determines that the individual:

(1) upon verification in the body of the deed or otherwise, has either:

(A) a beneficial interest in the trust; or

(B) the right to occupy the real property rent free under the terms of a qualified personal residence trust created by the individual under United States Treasury Regulation 25.2702-5(c)(2);

(2) otherwise qualifies for the deduction; and

(3) would be considered the owner of the real property under IC 6-1.1-1-9(f) or IC 6-1.1-1-9(g).

SECTION 9. IC 6-1.1-12-27.1, AS AMENDED BY P.L.113-2010, SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 27.1. Except as provided in ~~sections~~ **section** 36 ~~and 44~~ of this chapter and subject to section 45 of this chapter, a person who desires to claim the deduction provided by section 26 of this chapter must file a certified statement in duplicate, on forms prescribed by the department of local government finance, with the auditor of the county in which the real property or mobile home is subject to assessment. With respect to real property, the person must file the statement during the year for which the person desires to obtain the deduction. Except as provided in ~~sections~~ **section** 36 ~~and 44~~ of this chapter and subject to section 45 of this chapter, with respect to a mobile home which is not assessed as real property, the person must file the statement during the twelve (12) months before March 31 of each year for which the person desires to obtain the deduction. The person must:

(1) own the real property, mobile home, or manufactured home; or

(2) be buying the real property, mobile home, or manufactured home under contract;

on the date the statement is filed under this section. The statement may be filed in person or by mail. If mailed, the mailing must be postmarked

C o p y

on or before the last day for filing. On verification of the statement by the assessor of the township in which the real property or mobile home is subject to assessment, or the county assessor if there is no township assessor for the township, the county auditor shall allow the deduction.

SECTION 10. IC 6-1.1-12-30, AS AMENDED BY P.L.1-2009, SECTION 36, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 30. Except as provided in ~~sections~~ **section** 36 ~~and 44~~ of this chapter and subject to section 45 of this chapter, a person who desires to claim the deduction provided by section 29 of this chapter must file a certified statement in duplicate, on forms prescribed by the department of local government finance, with the auditor of the county in which the real property or mobile home is subject to assessment. With respect to real property, the person must file the statement during the year for which the person desires to obtain the deduction. With respect to a mobile home which is not assessed as real property, the person must file the statement during the twelve (12) months before March 31 of each year for which the person desires to obtain the deduction. The person must:

(1) own the real property, mobile home, or manufactured home; or

(2) be buying the real property, mobile home, or manufactured home under contract;

on the date the statement is filed under this section. On verification of the statement by the assessor of the township in which the real property or mobile home is subject to assessment, or the county assessor if there is no township assessor for the township, the county auditor shall allow the deduction.

SECTION 11. IC 6-1.1-12-35.5, AS AMENDED BY P.L.1-2009, SECTION 37, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 35.5. (a) Except as provided in section 36 ~~or 44~~ of this chapter and subject to section 45 of this chapter, a person who desires to claim the deduction provided by section 31, 33, 34, or 34.5 of this chapter must file a certified statement in duplicate, on forms prescribed by the department of local government finance, and proof of certification under subsection (b) or (f) with the auditor of the county in which the property for which the deduction is claimed is subject to assessment. Except as provided in subsection (e), with respect to property that is not assessed under IC 6-1.1-7, the person must file the statement during the year for which the person wishes to obtain the deduction. The person must file the statement in each year for which the person desires to obtain the deduction. With respect to a property which is assessed under IC 6-1.1-7, the person must file the

C o p y

statement during the twelve (12) months before March 31 of each year for which the person desires to obtain the deduction. The statement may be filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing. On verification of the statement by the assessor of the township in which the property for which the deduction is claimed is subject to assessment, or the county assessor if there is no township assessor for the township, the county auditor shall allow the deduction.

(b) This subsection does not apply to an application for a deduction under section 34.5 of this chapter. The department of environmental management, upon application by a property owner, shall determine whether a system or device qualifies for a deduction provided by section 31, 33, or 34 of this chapter. If the department determines that a system or device qualifies for a deduction, it shall certify the system or device and provide proof of the certification to the property owner. The department shall prescribe the form and manner of the certification process required by this subsection.

(c) This subsection does not apply to an application for a deduction under section 34.5 of this chapter. If the department of environmental management receives an application for certification, the department shall determine whether the system or device qualifies for a deduction. If the department fails to make a determination under this subsection before December 31 of the year in which the application is received, the system or device is considered certified.

(d) A denial of a deduction claimed under section 31, 33, 34, or 34.5 of this chapter may be appealed as provided in IC 6-1.1-15. The appeal is limited to a review of a determination made by the township assessor county property tax assessment board of appeals, or department of local government finance.

(e) A person who timely files a personal property return under IC 6-1.1-3-7(a) for an assessment year and who desires to claim the deduction provided in section 31 of this chapter for property that is not assessed under IC 6-1.1-7 must file the statement described in subsection (a) during the year in which the personal property return is filed.

(f) This subsection applies only to an application for a deduction under section 34.5 of this chapter. The center for coal technology research established by IC 21-47-4-1, upon receiving an application from the owner of a building, shall determine whether the building qualifies for a deduction under section 34.5 of this chapter. If the center determines that a building qualifies for a deduction, the center shall certify the building and provide proof of the certification to the owner

C o p y

of the building. The center shall prescribe the form and procedure for certification of buildings under this subsection. If the center receives an application for certification of a building under section 34.5 of this chapter:

(1) the center shall determine whether the building qualifies for a deduction; and

(2) if the center fails to make a determination before December 31 of the year in which the application is received, the building is considered certified.

SECTION 12. IC 6-1.1-12-43, AS AMENDED BY P.L.87-2009, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 43. (a) For purposes of this section:

(1) "benefit" refers to:

(A) a deduction under section 1, ~~9, 11,~~ 13, 14, 16, ~~17.4,~~ 26, 29, 31, 33, **or** 34 ~~37, or 37.5~~ of this chapter; **or**

(B) the homestead exemption under IC 6-1.1-10.2;

(2) "closing agent" means a person that closes a transaction;

(3) "customer" means an individual who obtains a loan in a transaction; and

(4) "transaction" means a single family residential:

(A) first lien purchase money mortgage transaction; or

(B) refinancing transaction.

(b) Before closing a transaction after December 31, 2004, a closing agent must provide to the customer the form referred to in subsection (c).

(c) Before June 1, 2004, the department of local government finance shall prescribe the form to be provided by closing agents to customers under subsection (b). The department shall make the form available to closing agents, county assessors, county auditors, and county treasurers in hard copy and electronic form. County assessors, county auditors, and county treasurers shall make the form available to the general public. The form must:

(1) on one (1) side:

(A) list each benefit;

(B) list the eligibility criteria for each benefit; and

(C) indicate that a new application for a deduction under section 1 of this chapter is required when residential real property is refinanced;

(2) on the other side indicate:

(A) each action by and each type of documentation from the customer required to file for each benefit; and

(B) sufficient instructions and information to permit a party to

C o p y

terminate a ~~standard deduction under section 37 of this chapter~~ **homestead exemption under IC 6-1.1-10.2** on any property on which the party or the spouse of the party will no longer be eligible for the ~~standard deduction under section 37 of this chapter~~ **exemption** after the party or the party's spouse begins to reside at the property that is the subject of the closing, including an explanation of the tax consequences and applicable penalties, if a party unlawfully claims a ~~standard deduction under section 37 of this chapter;~~ **homestead exemption under IC 6-1.1-10.2;** and

(3) be printed in one (1) of two (2) or more colors prescribed by the department of local government finance that distinguish the form from other documents typically used in a closing referred to in subsection (b).

(d) A closing agent:

(1) may reproduce the form referred to in subsection (c);

(2) in reproducing the form, must use a print color prescribed by the department of local government finance; and

(3) is not responsible for the content of the form referred to in subsection (c) and shall be held harmless by the department of local government finance from any liability for the content of the form.

(e) This subsection applies to a transaction that is closed after December 31, 2009. In addition to providing the customer the form described in subsection (c) before closing the transaction, a closing agent shall do the following as soon as possible after the closing, and within the time prescribed by the department of insurance under IC 27-7-3-15.5:

(1) To the extent determinable, input the information described in IC 27-7-3-15.5(c)(2) into the system maintained by the department of insurance under IC 27-7-3-15.5.

(2) Submit the form described in IC 27-7-3-15.5(c) to the data base described in IC 27-7-3-15.5(c)(2)(D).

(f) A closing agent to which this section applies shall document the closing agent's compliance with this section with respect to each transaction in the form of verification of compliance signed by the customer.

(g) Subject to IC 27-7-3-15.5(d), a closing agent is subject to a civil penalty of twenty-five dollars ($25) for each instance in which the closing agent fails to comply with this section with respect to a customer. The penalty:

(1) may be enforced by the state agency that has administrative

C o p y

jurisdiction over the closing agent in the same manner that the agency enforces the payment of fees or other penalties payable to the agency; and

(2) shall be paid into:

(A) the state general fund, if the closing agent fails to comply with subsection (b); or

(B) the home ownership education account established by IC 5-20-1-27, if the closing agent fails to comply with subsection (e) in a transaction that is closed after December 31, 2009.

(h) A closing agent is not liable for any other damages claimed by a customer because of:

(1) the closing agent's mere failure to provide the appropriate document to the customer under subsection (b); or

(2) with respect to a transaction that is closed after December 31, 2009, the closing agent's failure to input the information or submit the form described in subsection (e).

(i) The state agency that has administrative jurisdiction over a closing agent shall:

(1) examine the closing agent to determine compliance with this section; and

(2) impose and collect penalties under subsection (g).

SECTION 13. IC 6-1.1-17-0.5, AS AMENDED BY P.L.182-2009(ss), SECTION 113, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 0.5. (a) For purposes of this section, "assessed value" has the meaning set forth in IC 6-1.1-1-3(a).

(b) The county auditor may exclude and keep separate on the tax duplicate for taxes payable in a calendar year the assessed value of tangible property that meets the following conditions:

(1) The assessed value of the property is at least nine percent (9%) of the assessed value of all tangible property subject to taxation by a taxing unit.

(2) The property is or has been part of a bankruptcy estate that is subject to protection under the federal bankruptcy code.

(3) The owner of the property has discontinued all business operations on the property.

(4) There is a high probability that the taxpayer will not pay property taxes due on the property in the following year.

(c) This section does not limit, restrict, or reduce in any way the property tax liability on the property.

(d) For each taxing unit located in the county, the county auditor

C o p y

may reduce for a calendar year the taxing unit's assessed value that is certified to the department of local government finance under section 1 of this chapter and used to set tax rates for the taxing unit for taxes first due and payable in the immediately succeeding calendar year. The county auditor may reduce a taxing unit's assessed value under this subsection only to enable the taxing unit to absorb the effects of reduced property tax collections in the immediately succeeding calendar year that are expected to result from any or a combination of the following:

(1) Successful appeals of the assessed value of property located in the taxing unit.

(2) ~~Deductions under IC 6-1.1-12-37 and IC 6-1.1-12-37.5 that result from the granting of applications for the standard deduction~~ **Exemptions granted** for the calendar year under ~~IC 6-1.1-12-37 or IC 6-1.1-12-44~~ **IC 6-1.1-10.2** after the county auditor certifies assessed value as described in this section.

~~(3) Deductions that result from the granting of applications for deductions for the calendar year under IC 6-1.1-12-44 after the county auditor certifies assessed value as described in this section.~~

~~(4)~~ **(3)** Reassessments of real property under IC 6-1.1-4-11.5.

Not later than December 31 of each year, the county auditor shall send a certified statement, under the seal of the board of county commissioners, to the fiscal officer of each political subdivision of the county and to the department of local government finance. The certified statement must list any adjustments to the amount of the reduction under this subsection and the information submitted under section 1 of this chapter that are necessary. The county auditor shall keep separately on the tax duplicate the amount of any reductions made under this subsection. The maximum amount of the reduction authorized under this subsection is determined under subsection (e).

(e) The amount of the reduction in a taxing unit's assessed value for a calendar year under subsection (d) may not exceed two percent (2%) of the assessed value of tangible property subject to assessment in the taxing unit in that calendar year.

(f) The amount of a reduction under subsection (d) may not be offered in a proceeding before the:

(1) county property tax assessment board of appeals;

(2) Indiana board; or

(3) Indiana tax court;

as evidence that a particular parcel has been improperly assessed.

(g) In addition to the reduction under subsection (d), the county

C o p y

auditor shall reduce the assessed value of each taxing unit by:

(1) the amount that would represent the deductions from assessed value for homesteads under IC 6-1.1-12-37 and IC 6-1.1-12-37.5 (before their repeal); and

(2) the percentage determined under subsection (h) by the department of local government finance for the county or counties in which the taxing unit is located.

The county auditor shall keep separately on the tax duplicate the amount of any reductions made under this subsection.

(h) The department of local government finance shall make a one (1) time determination for each county of a percentage that represents the amount of assessed value that was deducted from homesteads for property taxes assessed in 2011 under any of the following:

(1) IC 6-1.1-12-9 (repealed).

(2) IC 6-1.1-12-11 (repealed).

(3) IC 6-1.1-12-17.4 (repealed).

(4) IC 6-1.1-12-18.

(5) IC 6-1.1-12-22.

(6) IC 6-1.1-12-26.

(7) IC 6-1.1-12-29.

(8) IC 6-1.1-12-33.

(9) IC 6-1.1-12.1-4.1.

SECTION 14. IC 6-1.1-17-1, AS AMENDED BY P.L.1-2010, SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) On or before August 1 of each year, the county auditor shall send a certified statement, under the seal of the board of county commissioners, to the fiscal officer of each political subdivision of the county and the department of local government finance. The statement shall contain:

(1) information concerning the assessed valuation in the political subdivision for the next calendar year;

(2) an estimate of the taxes to be distributed to the political subdivision during the last six (6) months of the current calendar year;

(3) the current assessed valuation as shown on the abstract of charges;

(4) the average growth in assessed valuation in the political subdivision over the preceding three (3) budget years, excluding years in which a general reassessment occurs, determined according to procedures established by the department of local government finance;

C o p y

(5) the amount of the political subdivision's assessed valuation reduction determined under section 0.5(d) **and 0.5(g)** of this chapter;

(6) for counties with taxing units that cross into or intersect with other counties, the assessed valuation as shown on the most current abstract of property; and

(7) any other information at the disposal of the county auditor that might affect the assessed value used in the budget adoption process.

(b) The estimate of taxes to be distributed shall be based on:

(1) the abstract of taxes levied and collectible for the current calendar year, less any taxes previously distributed for the calendar year; and

(2) any other information at the disposal of the county auditor which might affect the estimate.

(c) The fiscal officer of each political subdivision shall present the county auditor's statement to the proper officers of the political subdivision.

(d) Subject to subsection (e), after the county auditor sends a certified statement under subsection (a) or an amended certified statement under this subsection with respect to a political subdivision and before the department of local government finance certifies its action with respect to the political subdivision under section 16(f) of this chapter, the county auditor may amend the information concerning assessed valuation included in the earlier certified statement. The county auditor shall send a certified statement amended under this subsection, under the seal of the board of county commissioners, to:

(1) the fiscal officer of each political subdivision affected by the amendment; and

(2) the department of local government finance.

(e) Except as provided in subsection (f), before the county auditor makes an amendment under subsection (d), the county auditor must provide an opportunity for public comment on the proposed amendment at a public hearing. The county auditor must give notice of the hearing under IC 5-3-1. If the county auditor makes the amendment as a result of information provided to the county auditor by an assessor, the county auditor shall give notice of the public hearing to the assessor.

(f) The county auditor is not required to hold a public hearing under subsection (e) if:

(1) the amendment under subsection (d) is proposed to correct a mathematical error made in the determination of the amount of

C o p y

assessed valuation included in the earlier certified statement;

(2) the amendment under subsection (d) is proposed to add to the amount of assessed valuation included in the earlier certified statement assessed valuation of omitted property discovered after the county auditor sent the earlier certified statement; or

(3) the county auditor determines that the amendment under subsection (d) will not result in an increase in the tax rate or tax rates of the political subdivision.

SECTION 15. IC 6-1.1-18.5-9.9, AS AMENDED BY P.L.146-2008, SECTION 173, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 9.9. (a) The department of local government finance shall adjust the maximum property tax rate levied under the statutes listed in section 9.8(a) of this chapter, IC 20-46-3-6, or IC 20-46-6-5 in each county for property taxes first due and payable in:

(1) 2004;

(2) the year the county first applies the deduction under IC 6-1.1-12-41 **(before its repeal),** if the county first applies that deduction for property taxes first due and payable in 2005 or 2006; and

(3) 2007, if the county does not apply the deduction under IC 6-1.1-12-41 **(before its repeal)** for any year.

(b) If the county does not apply the deduction under IC 6-1.1-12-41 **(before its repeal)** for property taxes first due and payable in 2004, the department shall compute the adjustment under subsection (a)(1) to allow a levy for the fund for which the property tax rate is levied that equals the levy that would have applied for the fund if exemptions under IC 6-1.1-10-29(b)(2) (repealed) did not apply for the 2003 assessment date.

(c) If the county applies the deduction under IC 6-1.1-12-41 **(before its repeal)** for property taxes first due and payable in 2004, the department shall compute the adjustment under subsection (a)(1) to allow a levy for the fund for which the property tax rate is levied that equals the levy that would have applied for the fund if:

(1) exemptions under IC 6-1.1-10-29(b)(2) (repealed); and

(2) deductions under IC 6-1.1-12-41 **(before its repeal);**

did not apply for the 2003 assessment date.

(d) The department shall compute the adjustment under subsection (a)(2) to allow a levy for the fund for which the property tax rate is levied that equals the levy that would have applied for the fund if deductions under IC 6-1.1-12-41 **(before its repeal)** did not apply for the assessment date of the year that immediately precedes the year for

C o p y

which the adjustment is made.

(e) The department shall compute the adjustment under subsection (a)(3) to allow a levy for the fund for which the property tax rate is levied that equals the levy that would have applied for the fund if deductions under IC 6-1.1-12-42 **(before its repeal)** did not apply for the 2006 assessment date.

SECTION 16. IC 6-1.1-18.5-13, AS AMENDED BY P.L.182-2009(ss), SECTION 131, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 13. With respect to an appeal filed under section 12 of this chapter, the department may find that a civil taxing unit should receive any one (1) or more of the following types of relief:

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

(A) The first calendar year in which those costs are incurred.

(B) One (1) or more of the immediately succeeding four (4) calendar years.

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

C o p y

the costs of operating a court for the first full calendar year in which it is in existence. For purposes of this subdivision, costs of operating a court include:

(A) the cost of personal services (including fringe benefits);

(B) the cost of supplies; and

(C) any other cost directly related to the operation of the court.

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

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

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

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

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

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

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

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

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

C o p y

(before its repeal) in the particular calendar year; or

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

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

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

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

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

(4) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the civil taxing unit needs the increase to pay the costs of furnishing fire protection for the civil taxing unit through a volunteer fire department. For purposes of determining a township's need for an increased levy, the local government tax control board shall not consider the amount of money borrowed under IC 36-6-6-14 during the immediately preceding calendar year. However, any increase in the amount of the civil taxing unit's levy recommended by the local government tax control board under this subdivision for the ensuing calendar year may not exceed the lesser of:

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

(B) twenty percent (20%) of:

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

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

C o p y

under this chapter; minus

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

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

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

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

(B) the township needs the increase to meet the costs of providing township assistance under IC 12-20 and IC 12-30-4.

The maximum increase that the board may recommend for a township is the levy that would result from an increase in the township's township assistance ad valorem property tax rate of one and sixty-seven hundredths cents ($0.0167) per one hundred dollars ($100) of assessed valuation minus the township's ad valorem property tax rate per one hundred dollars ($100) of assessed valuation before the increase.

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

C o p y

Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter if:

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

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

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

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

(A) the civil taxing unit is:

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

(ii) a city having a population of more than fifty-five thousand (55,000) but less than fifty-nine thousand (59,000);

(iii) a city having a population of more than twenty-eight thousand seven hundred (28,700) but less than twenty-nine thousand (29,000);

(iv) a city having a population of more than fifteen thousand four hundred (15,400) but less than sixteen thousand six hundred (16,600); or

(v) a city having a population of more than seven thousand (7,000) but less than seven thousand three hundred (7,300); and

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

C o p y

have become a menace to the public health and welfare.

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

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

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

(B) that operates a county jail or juvenile detention center that is subject to an order that:

(i) was issued by a federal district court; and

(ii) has not been terminated;

(C) that operates a county jail that fails to meet:

(i) American Correctional Association Jail Construction Standards; and

(ii) Indiana jail operation standards adopted by the department of correction; or

(D) that operates a juvenile detention center that fails to meet standards equivalent to the standards described in clause (C) for the operation of juvenile detention centers.

Before recommending an increase, the local government tax control board shall consider all other revenues available to the county that could be applied for that purpose. An appeal for operating funds for a jail or a juvenile detention center shall be considered individually, if a jail and juvenile detention center are both opened in one (1) county. The maximum aggregate levy increases that the local government tax control board may

C o p y

recommend for a county equals the county's share of the costs of operating the jail or a juvenile detention center for the first full calendar year in which the jail or juvenile detention center is in operation.

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

(11) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission for a township to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the township has been required, for the three (3) consecutive years preceding the year for which the appeal under this subdivision is to become effective, to borrow funds under IC 36-6-6-14 to furnish fire protection for the township or a part of the township. However, the maximum increase in a township's levy that may be allowed under this subdivision is the least of the amounts borrowed under IC 36-6-6-14 during the preceding three (3) calendar years. A township may elect to phase in an approved increase in its levy under this subdivision over a period not to exceed three (3) years. A particular township may appeal to increase its levy under this section not more frequently than every fourth calendar year.

(12) Permission to a city having a population of more than twenty-nine thousand (29,000) but less than thirty-one thousand (31,000) to increase its levy in excess of the limitations

C o p y

established under section 3 of this chapter if:

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

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

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

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

SECTION 17. IC 6-1.1-20-1.9, AS AMENDED BY P.L.41-2010, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 1.9. (a) As used in this chapter, "registered voter" means the following:

(1) In the case of a petition under section 3.1 of this chapter to initiate a petition and remonstrance process, an individual who is registered to vote in the political subdivision on the date the county voter registration board makes the determination under section 3.1(b)(8) of this chapter regarding whether persons who signed the petition are registered voters.

(2) In the case of:

(A) a petition under section 3.2 of this chapter in favor of the proposed debt service or lease payments; or

(B) a remonstrance under section 3.2 of this chapter against the proposed debt service or lease payments;

an individual who is registered to vote in the political subdivision on the date the county voter registration board makes the determination under section 3.2(b)(5) of this chapter regarding whether persons who signed the petition or remonstrance are registered voters.

(3) In the case of a petition under section 3.5 of this chapter requesting the application of the local public question process

C o p y

under section 3.6 of this chapter concerning proposed debt service or lease payments, an individual who is registered to vote in the political subdivision on the date the county voter registration board makes the determination under section 3.5(b)(8) of this chapter regarding whether persons who signed the petition are registered voters.

(b) As used in this chapter, in the case of an election on a public question held under section 3.6 of this chapter, "eligible voter" means an individual who:

(1) is eligible to vote in the election in the political subdivision in which the public question will be held, as determined under IC 3; and

(2) resides within the boundaries of the political subdivision for which the public question is being considered.

(c) As used in this chapter, "owner of property" means a person that owns:

(1) real property;

(2) a mobile home assessed as personal property, used as a principal place of residence, and receiving the ~~standard property tax deduction under IC 6-1.1-12-37,~~ **homestead exemption provided by IC 6-1.1-10.2;** or

(3) a manufactured home assessed as personal property, used as a principal place of residence, and receiving the ~~standard property tax deduction under IC 6-1.1-12-37.~~ **homestead exemption provided by IC 6-1.1-10.2.**

SECTION 18. IC 6-1.1-20.6-2, AS AMENDED BY P.L.182-2009(ss), SECTION 151, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 2. ~~(a)~~ As used in this chapter, "homestead" refers to a homestead that is eligible for a ~~standard deduction under IC 6-1.1-12-37.~~ **homestead exemption under IC 6-1.1-10.2.**

~~(b) The term includes a house or apartment that is owned or leased by a cooperative housing corporation (as defined in 26 U.S.C. 216(b)).~~

SECTION 19. IC 6-1.1-20.6-3, AS AMENDED BY P.L.146-2008, SECTION 219, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 3. As used in this chapter, "property tax liability" means ~~for purposes of (1) this chapter, other than section 8.5 of this chapter,~~ liability for the tax imposed on property under this article determined after application of all credits and deductions under this article or IC 6-3.5, except the credit under this chapter, but does not include any interest or penalty imposed under this article. ~~and (2) section 8.5 of this chapter, liability for the tax imposed~~

C o p y

~~on property under this article determined after application of all credits and deductions under this article or IC 6-3.5, including the credit granted by section 7 or 7.5 of this chapter, but not including the credit granted under section 8.5 of this chapter or any interest or penalty imposed under this article.~~

SECTION 20. IC 6-1.1-20.6-7.5, AS ADDED BY P.L.146-2008, SECTION 223, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 7.5. (a) A person is entitled to a credit against the person's property tax liability for property taxes first due and payable after 2009. The amount of the credit is the amount by which the person's property tax liability attributable to the person's:

~~(1) homestead exceeds one percent (1%);~~

~~(2)~~ **(1)** residential property exceeds two percent (2%);

~~(3)~~ **(2)** long term care property exceeds two percent (2%);

~~(4)~~ **(3)** agricultural land exceeds two percent (2%);

~~(5)~~ **(4)** nonresidential real property exceeds three percent (3%); or

~~(6)~~ **(5)** personal property exceeds three percent (3%);

of the gross assessed value of the property that is the basis for determination of property taxes for that calendar year.

(b) This subsection applies to property taxes first due and payable after 2009. Property taxes imposed after being approved by the voters in a referendum or local public question shall not be considered for purposes of calculating a person's credit under this section.

(c) This subsection applies to property taxes first due and payable after 2009. As used in this subsection, "eligible county" means only a county for which the general assembly determines in 2008 that limits to property tax liability under this chapter are expected to reduce in 2010 the aggregate property tax revenue that would otherwise be collected by all units of local government and school corporations in the county by at least twenty percent (20%). Property taxes imposed in an eligible county to pay debt service or make lease payments for bonds or leases issued or entered into before July 1, 2008, shall not be considered for purposes of calculating a person's credit under this section.

SECTION 21. IC 6-1.1-20.6-8, AS AMENDED BY P.L.146-2008, SECTION 224, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 8. ~~Except as provided in section 8.5 of this chapter,~~ A person is not required to file an application for the credit under this chapter. The county auditor shall:

(1) identify the property in the county eligible for the credit under this chapter; and

(2) apply the credit under this chapter to **the** property tax liability

C o p y

on the identified property.

SECTION 22. IC 6-1.1-22-8.1, AS AMENDED BY P.L.1-2010, SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 8.1. (a) The county treasurer shall:

(1) except as provided in subsection (h), mail to the last known address of each person liable for any property taxes or special assessment, as shown on the tax duplicate or special assessment records, or to the last known address of the most recent owner shown in the transfer book; and

(2) transmit by written, electronic, or other means to a mortgagee maintaining an escrow account for a person who is liable for any property taxes or special assessments, as shown on the tax duplicate or special assessment records;

a statement in the form required under subsection (b). However, for property taxes first due and payable in 2008, the county treasurer may choose to use a tax statement that is different from the tax statement prescribed by the department under subsection (b). If a county chooses to use a different tax statement, the county must still transmit (with the tax bill) the statement in either color type or black-and-white type.

(b) The department of local government finance shall prescribe a form, subject to the approval of the state board of accounts, for the statement under subsection (a) that includes at least the following:

(1) A statement of the taxpayer's current and delinquent taxes and special assessments.

(2) A breakdown showing the total property tax and special assessment liability and the amount of the taxpayer's liability that will be distributed to each taxing unit in the county.

(3) An itemized listing for each property tax levy, including:

(A) the amount of the tax rate;

(B) the entity levying the tax owed; and

(C) the dollar amount of the tax owed.

(4) Information designed to show the manner in which the taxes and special assessments billed in the tax statement are to be used.

(5) A comparison showing any change in the assessed valuation for the property as compared to the previous year.

(6) A comparison showing any change in the property tax and special assessment liability for the property as compared to the previous year. The information required under this subdivision must identify:

(A) the amount of the taxpayer's liability distributable to each taxing unit in which the property is located in the current year and in the previous year; and

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(B) the percentage change, if any, in the amount of the taxpayer's liability distributable to each taxing unit in which the property is located from the previous year to the current year.

(7) An explanation of the following:

(A) **The** homestead ~~credits under IC 6-1.1-20.4, IC 6-3.5-6-13, or another law that are available in the taxing district where the property is located.~~ **exemption under IC 6-1.1-10.2.**

(B) All property tax deductions that are available in the taxing district where the property is located.

(C) The procedure and deadline for filing for any available homestead ~~credits under IC 6-1.1-20.4, IC 6-3.5-6-13, or another law~~ **exemption under IC 6-1.1-10.2** and each deduction.

(D) The procedure that a taxpayer must follow to:

(i) appeal a current assessment; or

(ii) petition for the correction of an error related to the taxpayer's property tax and special assessment liability.

(E) The forms that must be filed for an appeal or a petition described in clause (D).

(F) The procedure and deadline that a taxpayer must follow and the forms that must be used if a ~~credit~~ **homestead exemption** or deduction has been granted for the property and the taxpayer is no longer eligible for the ~~credit~~ **homestead exemption** or deduction.

(G) Notice that an appeal described in clause (D) requires evidence relevant to the true tax value of the taxpayer's property as of the assessment date that is the basis for the taxes payable on that property.

The department of local government finance shall provide the explanation required by this subdivision to each county treasurer.

(8) A checklist that shows:

(A) **the** homestead ~~credits under IC 6-1.1-20.4, IC 6-3.5-6-13, or another law~~ **exemption** and all property tax deductions; and

(B) whether ~~each~~ **the** homestead ~~credit~~ **exemption** and **each** property tax deduction applies in the current statement for the property transmitted under subsection (a).

(9) This subdivision applies to any property for which **the homestead exemption or** a deduction ~~or credit~~ is listed under subdivision (8) if the notice required under this subdivision was not provided to a taxpayer on a reconciling statement under IC 6-1.1-22.5-12. The statement must include in 2010, 2011, and

C o p y

2012 a notice that must be returned by the taxpayer to the county auditor with the taxpayer's verification of the items required by this subdivision. The notice must explain the tax consequences and applicable penalties if a taxpayer unlawfully claims a ~~standard deduction under IC 6-1.1-12-37~~ **homestead exemption under IC 6-1.1-10.2** on:

(A) more than one (1) parcel of property; or

(B) property that is not the taxpayer's principal place of residence or is otherwise not eligible for the ~~standard deduction.~~ **homestead exemption.**

The notice must include a place for the taxpayer to indicate, under penalties of perjury, for **the homestead exemption and** each deduction ~~and credit~~ listed under subdivision (8), whether the property is eligible for the **homestead exemption or** deduction ~~or credit~~ listed under subdivision (8). The notice must also include a place for each individual who qualifies the property for **the homestead exemption or** a deduction or credit listed in subdivision (8) to indicate the name of the individual and the name of the individual's spouse (if any), as the names appear in the records of the United States Social Security Administration for the purposes of the issuance of a Social Security card and Social Security number (or that they use as their legal names when they sign their names on legal documents), and either the last five (5) digits of each individual's Social Security number or, if an individual does not have a Social Security number, the numbers required from the individual under ~~IC 6-1.1-12-37(c)(4)(B).~~ **IC 6-1.1-10.2-5(a)(4)(B).** The notice must explain that the taxpayer must complete and return the notice with the required information and that failure to complete and return the notice may result in disqualification of property for **homestead exemption and** deductions ~~and credits~~ listed in subdivision (8), must explain how to return the notice, and must be on a separate form printed on paper that is a different color than the tax statement. The notice must be prepared in the form prescribed by the department of local government finance and include any additional information required by the department of local government finance. This subdivision expires January 1, 2015.

(c) The county treasurer may mail or transmit the statement one (1) time each year at least fifteen (15) days before the date on which the first or only installment is due. Whenever a person's tax liability for a year is due in one (1) installment under IC 6-1.1-7-7 or section 9 of this

C o p y

chapter, a statement that is mailed must include the date on which the installment is due and denote the amount of money to be paid for the installment. Whenever a person's tax liability is due in two (2) installments, a statement that is mailed must contain the dates on which the first and second installments are due and denote the amount of money to be paid for each installment. If a statement is returned to the county treasurer as undeliverable and the forwarding order is expired, the county treasurer shall notify the county auditor of this fact. Upon receipt of the county treasurer's notice, the county auditor may, at the county auditor's discretion, treat the property as not being eligible for any deductions under IC 6-1.1-12 or ~~any~~ **the** homestead ~~credits under IC 6-1.1-20.4 and IC 6-3.5-6-13.~~ **exemption under IC 6-1.1-10.2.**

(d) All payments of property taxes and special assessments shall be made to the county treasurer. The county treasurer, when authorized by the board of county commissioners, may open temporary offices for the collection of taxes in cities and towns in the county other than the county seat.

(e) The county treasurer, county auditor, and county assessor shall cooperate to generate the information to be included in the statement under subsection (b).

(f) The information to be included in the statement under subsection (b) must be simply and clearly presented and understandable to the average individual.

(g) After December 31, 2007, a reference in a law or rule to IC 6-1.1-22-8 (expired January 1, 2008, and repealed) shall be treated as a reference to this section.

(h) Transmission of statements and other information under this subsection applies in a county only if the county legislative body adopts an authorizing ordinance. Subject to subsection (i), in a county in which an ordinance is adopted under this subsection for property taxes and special assessments first due and payable after 2009, a person may direct the county treasurer and county auditor to transmit the following to the person by electronic mail:

(1) A statement that would otherwise be sent by the county treasurer to the person by regular mail under subsection (a)(1), including a statement that reflects installment payment due dates under section ~~9.5 or~~ 9.7 of this chapter.

(2) A provisional tax statement that would otherwise be sent by the county treasurer to the person by regular mail under IC 6-1.1-22.5-6.

(3) A reconciling tax statement that would otherwise be sent by the county treasurer to the person by regular mail under any of the

C o p y

following:

(A) Section 9 of this chapter.

(B) Section 9.7 of this chapter.

(C) IC 6-1.1-22.5-12, including a statement that reflects installment payment due dates under IC 6-1.1-22.5-18.5.

(4) A statement that would otherwise be sent by the county auditor to the person by regular mail under IC 6-1.1-17-3(b).

(5) Any other information that:

(A) concerns the property taxes or special assessments; and

(B) would otherwise be sent:

(i) by the county treasurer or the county auditor to the person by regular mail; and

(ii) before the last date the property taxes or special assessments may be paid without becoming delinquent.

(i) For property with respect to which more than one (1) person is liable for property taxes and special assessments, subsection (h) applies only if all the persons liable for property taxes and special assessments designate the electronic mail address for only one (1) individual authorized to receive the statements and other information referred to in subsection (h).

(j) Before 2010, the department of local government finance shall create a form to be used to implement subsection (h). The county treasurer and county auditor shall:

(1) make the form created under this subsection available to the public;

(2) transmit a statement or other information by electronic mail under subsection (h) to a person who, at least thirty (30) days before the anticipated general mailing date of the statement or other information, files the form created under this subsection:

(A) with the county treasurer; or

(B) with the county auditor; and

(3) publicize the availability of the electronic mail option under this subsection through appropriate media in a manner reasonably designed to reach members of the public.

(k) The form referred to in subsection (j) must:

(1) explain that a form filed as described in subsection (j)(2) remains in effect until the person files a replacement form to:

(A) change the person's electronic mail address; or

(B) terminate the electronic mail option under subsection (h); and

(2) allow a person to do at least the following with respect to the electronic mail option under subsection (h):

C o p y

(A) Exercise the option.

(B) Change the person's electronic mail address.

(C) Terminate the option.

(D) For a person other than an individual, designate the electronic mail address for only one (1) individual authorized to receive the statements and other information referred to in subsection (h).

(E) For property with respect to which more than one (1) person is liable for property taxes and special assessments, designate the electronic mail address for only one (1) individual authorized to receive the statements and other information referred to in subsection (h).

(l) The form created under subsection (j) is considered filed with the county treasurer or the county auditor on the postmark date. If the postmark is missing or illegible, the postmark is considered to be one (1) day before the date of receipt of the form by the county treasurer or the county auditor.

(m) The county treasurer shall maintain a record that shows at least the following:

(1) Each person to whom a statement or other information is transmitted by electronic mail under this section.

(2) The information included in the statement.

(3) Whether the person received the statement.

SECTION 23. IC 6-1.1-22-8.5, AS AMENDED BY P.L.3-2008, SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 8.5. The county treasurer shall include on every statement mailed under section 8.1 of this chapter the following language: "If any circumstances have changed that would make you ineligible for a deduction **or exemption** that you have been allowed ~~in the exemption block~~ on this tax bill, you must notify the county auditor. If such a change in circumstances has occurred and you have not notified the county auditor, the deduction **or exemption** will be disallowed and you will be liable for taxes, **interest,** and penalties on the amount deducted **or exempted.".**

SECTION 24. IC 6-1.1-22-9, AS AMENDED BY P.L.87-2009, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 9. (a) Except as provided in subsection (b), the property taxes assessed for a year under this article are due in two (2) equal installments on May 10 and November 10 of the following year.

(b) Subsection (a) does not apply if any of the following apply to the property taxes assessed for the year under this article:

C o p y

(1) Subsection (c).
(2) Subsection (d).
(3) IC 6-1.1-7-7.
~~(4) Section 9.5 of this chapter.~~
~~(5)~~ **(4)** Section 9.7 of this chapter.

(c) A county council may adopt an ordinance to require a person to pay the person's property tax liability in one (1) installment, if the tax liability for a particular year is less than twenty-five dollars ($25). If the county council has adopted such an ordinance, then whenever a tax statement mailed under section 8.1 of this chapter shows that the person's property tax liability for a year is less than twenty-five dollars ($25) for the property covered by that statement, the tax liability for that year is due in one (1) installment on May 10 of that year.

(d) If the county treasurer receives a copy of an appeal petition under IC 6-1.1-18.5-12(d) before the county treasurer mails or transmits statements under section 8.1 of this chapter, the county treasurer may:

(1) mail or transmit the statements without regard to the pendency of the appeal and, if the resolution of the appeal by the department of local government finance results in changes in levies, mail or transmit reconciling statements under subsection (e); or
(2) delay the mailing or transmission of statements under section 8.1 of this chapter so that:
(A) the due date of the first installment that would otherwise be due under subsection (a) is delayed by not more than sixty (60) days; and
(B) all statements reflect any changes in levies that result from the resolution of the appeal by the department of local government finance.

(e) A reconciling statement under subsection (d)(1) must indicate:

(1) the total amount due for the year;
(2) the total amount of the installments paid that did not reflect the resolution of the appeal under IC 6-1.1-18.5-12(d) by the department of local government finance;
(3) if the amount under subdivision (1) exceeds the amount under subdivision (2), the adjusted amount that is payable by the taxpayer:
(A) as a final reconciliation of all amounts due for the year; and
(B) not later than
~~(i)~~ November 10; ~~or~~
~~(ii) the date or dates established under section 9.5 of this~~

C o p y

~~chapter;~~ and

(4) if the amount under subdivision (2) exceeds the amount under subdivision (1), that the taxpayer may claim a refund of the excess under IC 6-1.1-26.

(f) If property taxes are not paid on or before the due date, the penalties prescribed in IC 6-1.1-37-10 shall be added to the delinquent taxes.

(g) Notwithstanding any other law, a property tax liability of less than five dollars ($5) is increased to five dollars ($5). The difference between the actual liability and the five dollar ($5) amount that appears on the statement is a statement processing charge. The statement processing charge is considered a part of the tax liability.

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

(i) In a county in which an authorizing ordinance is adopted under section 8.1(h) of this chapter, a person may direct the county treasurer to transmit a reconciling statement under subsection (d)(1) by electronic mail under section 8.1(h) of this chapter.

SECTION 25. IC 6-1.1-22-13.5, AS ADDED BY P.L.169-2006, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 13.5. (a) A political subdivision acquires a lien on each tract of real property, for:

(1) all special assessments levied against the tract, including the land under an improvement or appurtenance described in IC 6-1.1-2-4(b); and

(2) all subsequent penalties and costs resulting from the special assessments.

However, a lien may not be acquired after December 31, 2011, on property that is a homestead exempt from property taxes under IC 6-1.1-10.2. The lien attaches on the installment due date of the year for which the special assessments are certified for collection. The lien is not affected by any sale or transfer of the tract, including the land under an improvement or appurtenance described in IC 6-1.1-2-4(b),

C o p y

and including the sale, exchange, or lease of the tract under IC 36-1-11.

(b) The lien of the political subdivision for special assessments, penalties, and costs continues for ten (10) years from May 10 of the year in which special assessments first become due. However, if any proceeding is instituted to enforce the lien within the ten (10) year period, the limitation is extended, if necessary, to permit the termination of the proceeding.

(c) The lien of the state inures to political subdivisions that impose the special assessments on which the lien is based, and the lien is superior to all other liens except the lien of the state for property taxes.

(d) A political subdivision described in subsection (c) may institute a civil suit against a person or an entity liable for delinquent special assessments. The political subdivision may, after obtaining a judgment, collect:

(1) delinquent special assessments;

(2) penalties due to the delinquency; and

(3) costs and expenses incurred in collecting the delinquent special assessments, including reasonable attorney's fees and court costs approved by a court with jurisdiction.

SECTION 26. IC 6-1.1-22.5-8, AS AMENDED BY P.L.89-2010, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 8. (a) Subject to subsection (c), a provisional statement must:

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

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

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

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

(ii) that the second installment is either the amount specified in a reconciling statement or, if a reconciling statement is not sent until after the second installment is due, an amount equal to fifty percent (50%) of the tax liability that was payable in the same year as the assessment date for the

C o p y

property for which the provisional statement is issued, subject to any adjustments to the tax liability authorized by the department of local government finance under subsection (e) and approved by the county treasurer; and

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

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

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

(3) indicate:

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

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

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

(ii) will be credited against a reconciling statement;

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

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

C o p y

year), minus the amount you pay under this provisional statement.";

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

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

(6) in the case of a reconciling statement only, indicate liability for:

(A) delinquent:

(i) taxes; and

(ii) special assessments;

(B) penalties; and

(C) interest;

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

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

(A) a checklist that shows:

(i) homestead ~~credits under IC 6-1.1-20.4, IC 6-3.5-6-13, or another law~~ **exemptions under IC 6-1.1-10.2** and all property tax deductions; and

(ii) whether ~~each~~ **the** homestead ~~credit~~ **exemption** and **each** property tax deduction ~~was~~ **were** applied in the current provisional statement;

(B) an explanation of the procedure and deadline that a taxpayer must follow and the forms that must be used if a credit or deduction has been granted for the property and the

C o p y

taxpayer is no longer eligible for the credit or deduction; and

(C) an explanation of the tax consequences and applicable penalties if a taxpayer unlawfully claims a ~~standard deduction under IC 6-1.1-12-37~~ **homestead exemption under IC 6-1.1-10.2** on:

(i) more than one (1) parcel of property; or

(ii) property that is not the taxpayer's principal place of residence or is otherwise not eligible for a standard deduction; and

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

(b) This subsection applies to property taxes first due and payable for assessment dates after January 15, 2009. The county may apply a ~~standard deduction, supplemental standard deduction, or~~ homestead ~~credit~~ **exemption under IC 6-1.1-10.2** calculated by the county's property system on a provisional bill for a qualified property. If a provisional bill has been used for property tax billings for two (2) consecutive years and a property qualifies for a ~~standard deduction, supplemental standard deduction, or~~ homestead ~~credit~~ **exemption under IC 6-1.1-10.2** for the second year a provisional bill is used, the county shall apply the ~~standard deduction, supplemental standard deduction, or~~ homestead ~~credit~~ **exemption under IC 6-1.1-10.2** calculated by the county's property system on the provisional bill.

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

(1) first due and payable in the current calendar year on a provisional statement under section 6 or 6.5 of this chapter; and

(2) based on property taxes first due and payable in the immediately preceding calendar year or on a percentage of those property taxes;

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

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

(e) The department of local government finance shall:

(1) authorize the types of adjustments to tax liability that a county treasurer may approve under subsection (a)(2)(A) including:

C o p y

(A) adjustments for any new construction on the property or any damage to the property; and

(B) any necessary adjustments for credits, deductions, or local option income taxes; and

(2) notify county treasurers in writing of the types of adjustments authorized under subdivision (1).

SECTION 27. IC 6-1.1-24-6.8, AS ADDED BY P.L.98-2010, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 6.8. (a) For purposes of this section, in a county containing a consolidated city "county executive" refers to the board of commissioners of the county as provided in IC 36-3-3-10.

(b) As used in this section, "vacant parcel" refers to a parcel that satisfies all the following:

(1) A lien has been acquired on the parcel under section 6(a) of this chapter.

(2) The parcel is unimproved on the date the parcel is offered for sale under this chapter.

(3) The construction of a structure intended for residential use on the parcel is permitted by law.

(4) On the date the parcel is offered for sale under this chapter, the parcel is contiguous to one (1) or more parcels that satisfy the following:

(A) One (1) or more of the following are located on the contiguous parcel:

(i) A structure occupied for residential use.

(ii) A structure used in conjunction with a structure occupied for residential use.

(B) The contiguous parcel is eligible for the ~~standard deduction under IC 6-1.1-12-37.~~ **homestead exemption provided by IC 6-1.1-10.2.**

(c) The county legislative body may, by ordinance, establish criteria for the identification of vacant parcels to be offered for sale under this section. The criteria may include the following:

(1) Limitations on the use of the parcel under local zoning and land use requirements.

(2) Minimum parcel area sufficient for construction of improvements.

(3) Any other factor considered appropriate by the county legislative body.

In a county containing a consolidated city, the county legislative body may adopt an ordinance under this subsection only upon recommendation by the board of commissioners provided in

C o p y

IC 36-3-3-10.

(d) If the county legislative body adopts an ordinance under subsection (c), the county executive shall for each tax sale:

(1) by resolution, identify each vacant parcel that the county executive desires to sell under this section; and

(2) subject to subsection (e), give written notice to the owner of record of each parcel referred to in subsection (b)(4) that is contiguous to the vacant parcel.

(e) The notice under subsection (d)(2) with respect to each vacant parcel must include at least the following:

(1) A description of the vacant parcel by:

(A) legal description; and

(B) parcel number or street address, or both.

(2) Notice that the county executive will accept written applications from owners of parcels described in subsection (b)(4) as provided in subsection (f).

(3) Notice of the deadline for applications referred to in subdivision (2) and of the information to be included in the applications.

(4) Notice that the vacant parcel will be sold to the successful applicant for one dollar ($1).

(5) Notice of the exemption provisions of subsection (l).

(f) To be eligible to purchase a vacant parcel under this section, the owner of a contiguous parcel referred to in subsection (b)(4) must file a written application with the county executive. The application must:

(1) identify the vacant parcel that the applicant desires to purchase; and

(2) include any other information required by the county executive.

(g) If more than one (1) application to purchase a single vacant parcel is filed with the county executive, the county executive shall conduct a drawing between or among the applicants in which each applicant has an equal chance to be selected as the transferee of the vacant parcel.

(h) The county executive shall by resolution make a final determination concerning the vacant parcels that are to be sold under this section.

(i) After the final determination of vacant parcels to be sold under subsection (h), the county executive shall:

(1) on behalf of the county, cause all delinquent taxes, special assessments, penalties, interest, and costs of sale with respect to the vacant parcels to be removed from the tax duplicate;

C o p y

(2) give notice of the final determination to:
(A) the successful applicant;
(B) the county auditor; and
(C) the township assessor, or the county assessor if there is no township assessor for the township.

(j) Upon receipt of notice under subsection (i)(2):
(1) the county auditor shall:
(A) collect the purchase price from each successful applicant; and
(B) subject to subsection (k), prepare a deed transferring each vacant parcel to the successful applicant; and
(2) the township assessor or county assessor shall consolidate each vacant parcel sold and the contiguous parcel owned by the successful applicant into a single parcel.

(k) The county auditor shall include in the deed prepared under subsection (j)(1)(B) reference to the exemption under subsection (l).

(l) Except as provided in subsection (m), each consolidated parcel referred to in subsection (j)(2) is entitled to an exemption from property taxation beginning on the assessment date that next succeeds the consolidation in the amount of the assessed value at the time of consolidation of the vacant parcel that was subject to the consolidation.

(m) The exemption under subsection (l) is terminated as of the assessment date that next succeeds the earlier of the following:
(1) Five (5) years after the transfer of title to the successful applicant.
(2) The first transfer of title to the consolidated parcel that occurs after the consolidation.

SECTION 28. IC 6-1.1-36-17, AS ADDED BY P.L.87-2009, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 17. (a) As used in this section, "nonreverting fund" refers to a nonreverting fund established under subsection (c).

(b) Each county auditor that makes a determination that property was not eligible for a standard deduction under IC 6-1.1-12-37 **(repealed),** ~~or~~ a homestead credit under IC 6-1.1-20.9 (repealed), **or a homestead exemption under IC 6-1.1-10.2** in a particular year shall notify the county treasurer of the determination. The county auditor shall issue a notice of taxes, interest, and penalties due to the owner and include a statement that the payment is to be made payable to the county auditor. The notice must require full payment of the amount owed within thirty (30) days.

(c) Each county auditor shall establish a nonreverting fund. Upon collection of the adjustment in tax due (and any interest and penalties

C o p y

on that amount) after the termination of a deduction or credit as specified in subsection (b), the county treasurer shall deposit that amount in the nonreverting fund. Any part of the amount that is not collected by the due date shall be placed on the tax duplicate for the affected property and collected in the same manner as other property taxes. The adjustment in tax due (and any interest and penalties on that amount) after the termination of a deduction or credit as specified in subsection (b) shall be deposited in the nonreverting fund only in the first year in which that amount is collected.

(d) The amount to be deposited in the nonreverting fund includes adjustments in the tax due as a result of the termination of deductions or credits available only for property that satisfies the eligibility for a standard deduction under IC 6-1.1-12-37 **(repealed),** ~~or~~ a homestead credit under IC 6-1.1-20.9 (repealed), **or a homestead exemption under IC 6-1.1-10.2,** including the following:

(1) Supplemental deductions under IC 6-1.1-12-37.5 **(repealed).**

(2) Homestead credits under IC 6-1.1-20.4 **(before their abolishment),** IC 6-3.5-1.1-26 **(before their abolishment),** IC 6-3.5-6-13 **(before their abolishment),** IC 6-3.5-6-32 **(before their abolishment),** IC 6-3.5-7-13.1 **(before their abolishment),** or IC 6-3.5-7-26 **(before their abolishment),** or any other law.

(3) Credit for excessive property taxes under IC 6-1.1-20.6-7.5 **(repealed**) or IC 6-1.1-20.6-8.5 **(before the credit applicable to homesteads was abolished).**

(4) Homestead exemption under IC 6-1.1-10.2.

Any amount paid that exceeds the amount required to be deposited in the nonreverting fund shall be distributed as property taxes.

(e) Money in the nonreverting fund shall be treated as miscellaneous revenue. Distributions shall be made from the nonreverting fund established under this section upon appropriation by the county fiscal body and shall be made only for the following purposes:

(1) Fees and other costs incurred by the county auditor to discover property that is eligible for a standard deduction under IC 6-1.1-12-37 **(repealed),** ~~or~~ a homestead credit under IC 6-1.1-20.9 (repealed), **or a homestead exemption under IC 6-1.1-10.2.**

(2) Other expenses of the office of the county auditor.

(3) The cost of preparing, sending, and processing notices described in IC 6-1.1-22-8.1(b)(9) and checklists or notices described in IC 6-1.1-22.5-12(d).

The amount of deposits in a reverting fund, the balance of a nonreverting fund, and expenditures from a reverting fund may not be

C o p y

considered in establishing the budget of the office of the county auditor or in setting property tax levies that will be used in any part to fund the office of the county auditor.

SECTION 29. IC 6-1.1-37-10, AS AMENDED BY P.L.3-2008, SECTION 58, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 10. (a) Except as provided in ~~sections 10.5 and~~ **section** 10.7 of this chapter, if an installment of property taxes is not completely paid on or before the due date, a penalty shall be added to the unpaid portion in the year of the initial delinquency. The penalty is equal to an amount determined as follows:

(1) If:

(A) an installment of real property taxes is completely paid on or before the date thirty (30) days after the due date; and

(B) the taxpayer is not liable for delinquent property taxes first due and payable in a previous installment for the same parcel;

the amount of the penalty is equal to five percent (5%) of the amount of delinquent taxes.

(2) If:

(A) an installment of personal property taxes is completely paid on or before the date thirty (30) days after the due date; and

(B) the taxpayer is not liable for delinquent property taxes first due and payable in a previous installment for a personal property tax return for property in the same taxing district;

the amount of the penalty is equal to five percent (5%) of the amount of delinquent taxes.

(3) If subdivision (1) or (2) does not apply, the amount of the penalty is equal to ten percent (10%) of the amount of delinquent taxes.

(b) With respect to property taxes due in two (2) equal installments under IC 6-1.1-22-9(a), on the day immediately following the due dates of the first and second installments in each year following the year of the initial delinquency, an additional penalty equal to ten percent (10%) of any taxes remaining unpaid shall be added. ~~With respect to property taxes due in installments under IC 6-1.1-22-9.5, an additional penalty equal to ten percent (10%) of any taxes remaining unpaid shall be added on the day immediately following each date that succeeds the last installment due date by:~~

~~(1) six (6) months; or~~

~~(2) a multiple of six (6) months.~~

(c) The penalties under subsection (b) are imposed only on the principal amount of the delinquent taxes.

C o p y

(d) If the department of local government finance determines that an emergency has occurred which precludes the mailing of the tax statement in any county at the time set forth in IC 6-1.1-22-8.1, the department shall establish by order a new date on which the installment of taxes in that county is due and no installment is delinquent if paid by the date so established.

(e) If any due date falls on a Saturday, a Sunday, a national legal holiday recognized by the federal government, or a statewide holiday, the act that must be performed by that date is timely if performed by the next succeeding day that is not a Saturday, a Sunday, or one (1) of those holidays.

(f) Subject to subsections (g) and (h), a payment to the county treasurer is considered to have been paid by the due date if the payment is:

(1) received on or before the due date by the county treasurer or a collecting agent appointed by the county treasurer;

(2) deposited in United States first class mail:

(A) properly addressed to the principal office of the county treasurer;

(B) with sufficient postage; and

(C) postmarked by the United States Postal Service as mailed on or before the due date;

(3) deposited with a nationally recognized express parcel carrier and is:

(A) properly addressed to the principal office of the county treasurer; and

(B) verified by the express parcel carrier as:

(i) paid in full for final delivery; and

(ii) received by the express parcel carrier on or before the due date;

(4) deposited to be mailed through United States registered mail, United States certified mail, or United States certificate of mailing:

(A) properly addressed to the principal office of the county treasurer;

(B) with sufficient postage; and

(C) with a date of registration, certification, or certificate, as evidenced by any record authenticated by the United States Postal Service, on or before the due date; or

(5) made by an electronic funds transfer and the taxpayer's bank account is charged on or before the due date.

For purposes of this subsection, "postmarked" does not mean the date

C o p y

printed by a postage meter that affixes postage to the envelope or package containing a payment.

(g) If a payment is mailed through the United States mail and is physically received after the due date without a legible correct postmark, the person who mailed the payment is considered to have made the payment on or before the due date if the person can show by reasonable evidence that the payment was deposited in the United States mail on or before the due date.

(h) If a payment is sent via the United States mail or a nationally recognized express parcel carrier but is not received by the designated recipient, the person who sent the payment is considered to have made the payment on or before the due date if the person:

(1) can show by reasonable evidence that the payment was deposited in the United States mail, or with the express parcel carrier, on or before the due date; and

(2) makes a duplicate payment within thirty (30) days after the date the person is notified that the payment was not received.

SECTION 30. IC 6-2.5-1-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 2. (a) "Retail transaction" means a transaction of a retail merchant that constitutes:

(1) selling at retail as described in IC 6-2.5-4-1; ~~that constitutes~~

(2) making a wholesale sale as described in IC 6-2.5-4-2; or ~~that is~~

(3) a transaction described in any other section of IC 6-2.5-4.

(b) "Retail unitary transaction" means a unitary transaction that is also a retail transaction.

SECTION 31. IC 6-2.5-1-5, AS AMENDED BY P.L.113-2010, SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 5. (a) Except as provided in subsection (b), "gross retail income" means the total amount of consideration, including cash, credit, property, and services, for which tangible personal property is sold, leased, or rented, valued in money, whether received in money or otherwise, without any deduction for:

(1) the seller's cost of the property sold;

(2) the cost of materials used, labor or service cost, interest, losses, all costs of transportation to the seller, all taxes imposed on the seller, and any other expense of the seller;

(3) charges by the seller for any services necessary to complete the sale: ~~other than delivery and installation charges;~~

(4) delivery charges; or

(5) consideration received by the seller from a third party if:

(A) the seller actually receives consideration from a party

C o p y

other than the purchaser and the consideration is directly related to a price reduction or discount on the sale;

(B) the seller has an obligation to pass the price reduction or discount through to the purchaser;

(C) the amount of the consideration attributable to the sale is fixed and determinable by the seller at the time of the sale of the item to the purchaser; and

(D) the price reduction or discount is identified as a third party price reduction or discount on the invoice received by the purchaser or on a coupon, certificate, or other documentation presented by the purchaser.

For purposes of subdivision (4), delivery charges are charges by the seller for preparation and delivery of the property to a location designated by the purchaser of property, including but not limited to transportation, shipping, postage, handling, crating, and packing.

(b) "Gross retail income" does not include that part of the gross receipts attributable to:

(1) the value of any tangible personal property received in a like kind exchange in the retail transaction, if the value of the property given in exchange is separately stated on the invoice, bill of sale, or similar document given to the purchaser;

(2) the receipts received in a retail transaction which constitute interest **or** finance charges ~~or insurance premiums~~ on either a promissory note or an installment sales contract;

(3) discounts, including cash, terms, or coupons that are not reimbursed by a third party that are allowed by a seller and taken by a purchaser on a sale;

(4) interest, financing, and carrying charges from credit extended on the sale of personal property **or services** if the amount is separately stated on the invoice, bill of sale, or similar document given to the purchaser;

(5) any taxes legally imposed directly on the consumer that are separately stated on the invoice, bill of sale, or similar document given to the purchaser; **or**

~~(6) installation charges that are separately stated on the invoice, bill of sale, or similar document given to the purchaser; or~~

~~(7)~~ **(6)** telecommunications nonrecurring charges.

(c) A public utility's or a power subsidiary's gross retail income includes all gross retail income received by the public utility or power subsidiary, including any minimum charge, flat charge, membership fee, or any other form of charge or billing.

SECTION 32. IC 6-2.5-1-25.7 IS ADDED TO THE INDIANA

C o p y

CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 25.7. "Service" includes any activity engaged in for another person for consideration.**

SECTION 33. IC 6-2.5-2-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) An excise tax, known as the state gross retail tax, is imposed on retail transactions made in Indiana.

(b) The person who acquires property **or receive a service** in a retail transaction is liable for the tax on the transaction and, except as otherwise provided in this chapter, shall pay the tax to the retail merchant as a separate added amount to the consideration in the transaction. The retail merchant shall collect the tax as agent for the state.

SECTION 34. IC 6-2.5-2-2, AS AMENDED BY P.L.113-2010, SECTION 47, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 2. (a) The state gross retail tax is measured by the gross retail income received by a retail merchant in a retail unitary transaction and is imposed at ~~seven~~ **five and one-half** percent ~~(7%)~~ **(5.5%)** of that gross retail income.

(b) If the tax computed under subsection (a) carried to the third decimal place results in the numeral in the third decimal place being greater than four (4), the amount of the tax shall be rounded to the next additional cent.

SECTION 35. IC 6-2.5-3-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. ~~For purposes of this chapter:~~ (a) **As used in this chapter,** "use" means **either of the following:**

(1) The exercise of any right or power of ownership over tangible personal property.

(2) The employment of a service for its intended purpose.

(b) **As used in this chapter,** "storage" means the keeping or retention of tangible personal property in Indiana for any purpose except the subsequent use of that property solely outside Indiana.

(c) **As used in this chapter,** "a retail merchant engaged in business in Indiana" includes any retail merchant who makes retail transactions in which a person acquires personal property or services for use, storage, or consumption in Indiana and who:

(1) maintains an office, place of distribution, sales location, sample location, warehouse, storage place, or other place of business which is located in Indiana and which the retail merchant maintains, occupies, or uses, either permanently or temporarily, either directly or indirectly, and either by the retail

C o p y

merchant or through a representative, agent, or subsidiary;

(2) maintains a representative, agent, ~~salesman,~~ **salesperson,** canvasser, or solicitor who, while operating in Indiana under the authority of and on behalf of the retail merchant or a subsidiary of the retail merchant, sells, delivers, installs, repairs, assembles, sets up, accepts returns of, bills, invoices, or takes orders for sales of tangible personal property or services to be used, stored, or consumed in Indiana;

(3) is otherwise required to register as a retail merchant under IC 6-2.5-8-1; or

(4) may be required by the state to collect tax under this article to the extent allowed under the Constitution of the United States and federal law.

(d) Notwithstanding any other provision of this section, tangible or intangible property that is:

(1) owned or leased by a person that has contracted with a commercial printer for printing; and

(2) located at the premises of the commercial printer;

shall not be considered to be, or to create, an office, a place of distribution, a sales location, a sample location, a warehouse, a storage place, or other place of business maintained, occupied, or used in any way by the person. A commercial printer with which a person has contracted for printing shall not be considered to be in any way a representative, an agent, a ~~salesman,~~ **salesperson,** a canvasser, or a solicitor for the person.

SECTION 36. IC 6-2.5-3-2, AS AMENDED BY P.L.211-2007, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 2. (a) An excise tax, known as the use tax, is imposed on the storage, use, or consumption of tangible personal property **or the use of a service** in Indiana if the property **or service** was acquired in a retail transaction, regardless of the location of that transaction or of the retail merchant making that transaction.

(b) The use tax is also imposed on the storage, use, or consumption of a vehicle, an aircraft, or a watercraft, if the vehicle, aircraft, or watercraft:

(1) is acquired in a transaction that is an isolated or occasional sale; and

(2) is required to be titled, licensed, or registered by this state for use in Indiana.

(c) The use tax is imposed on the addition of tangible personal property to a structure or facility **and services used for an addition of tangible personal property to a structure or facility,** if, after its

C o p y

addition, the property becomes part of the real estate on which the structure or facility is located. However, the use tax does not apply to additions of tangible personal property described in this subsection, if:

(1) the state gross retail or use tax has been previously imposed on the sale or use of that property; or

(2) the ultimate purchaser or recipient of that property **or service** would have been exempt from the state gross retail and use taxes if that purchaser or recipient had directly purchased the property **or service** from the supplier for addition to the structure or facility.

(d) The use tax is imposed on a person who:

(1) manufactures, fabricates, or assembles tangible personal property from materials either within or outside Indiana; and

(2) uses, stores, distributes, or consumes tangible personal property in Indiana.

(e) Notwithstanding any other provision of this section, the use tax is not imposed on the keeping, retaining, or exercising of any right or power over tangible personal property, if:

(1) the property is delivered into Indiana by or for the purchaser of the property;

(2) the property is delivered in Indiana for the sole purpose of being processed, printed, fabricated, or manufactured into, attached to, or incorporated into other tangible personal property; and

(3) the property is subsequently transported out of state for use solely outside Indiana.

(f) As used in this subsection, "prepurchase evaluation" means an examination of an aircraft by a potential purchaser for the purpose of obtaining information relevant to the potential purchase of the aircraft. Notwithstanding any other provision of this section, the use tax is not imposed on the keeping, retaining, or exercising of any right or power over an aircraft, if:

(1) the aircraft is titled, registered, or based (as defined in IC 6-6-6.5-1(m)) in another state or country;

(2) the aircraft is delivered to Indiana by or for a nonresident owner or purchaser of the aircraft;

(3) the aircraft is delivered to Indiana for the sole purpose of being repaired, refurbished, remanufactured, or subjected to a prepurchase evaluation; and

(4) after completion of the repair, refurbishment, remanufacture, or prepurchase evaluation, the aircraft is transported to a destination outside Indiana.

C o p y

SECTION 37. IC 6-2.5-3-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 4. (a) The storage, use, and consumption of tangible personal property **or the use of a service** in Indiana is exempt from the use tax if:

(1) the property **or service** was acquired in a retail transaction in Indiana and the state gross retail tax has been paid on the acquisition of that property **or service;** or

(2) the property **or service** was acquired in a transaction that is wholly or partially exempt from the state gross retail tax under any part of IC 6-2.5-5, except IC 6-2.5-5-24(b), and the property **or service** is being used, stored, or consumed for the purpose for which it was exempted.

(b) If a person issues a state gross retail or use tax exemption certificate for the acquisition of tangible personal property **or a service** and subsequently uses, stores, or consumes that property **or service** for a nonexempt purpose, then the person shall pay the use tax.

SECTION 38. IC 6-2.5-3-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 5. A person is entitled to a credit against the use tax imposed on the use, storage, or consumption of a particular item of tangible personal property **or the use of a service** equal to the amount, if any, of sales tax, purchase tax, or use tax paid to another state, territory, or possession of the United States for the acquisition of that property **or service.**

SECTION 39. IC 6-2.5-3-6, AS AMENDED BY P.L.182-2009(ss), SECTION 175, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 6. (a) For purposes of this section, "person" includes an individual who is personally liable for use tax under IC 6-2.5-9-3.

(b) The person who uses, stores, or consumes the tangible personal property **or uses the service** acquired in a retail transaction is personally liable for the use tax.

(c) The person liable for the use tax shall pay the tax to the retail merchant from whom the person acquired the property **or service,** and the retail merchant shall collect the tax as an agent for the state, if the retail merchant is engaged in business in Indiana or if the retail merchant has departmental permission to collect the tax. In all other cases, the person shall pay the use tax to the department.

(d) Notwithstanding subsection (c), a person liable for the use tax imposed in respect to a vehicle, watercraft, or aircraft under section 2(b) of this chapter shall pay the tax:

(1) to the titling agency when the person applies for a title for the vehicle or the watercraft;

C o p y

(2) to the registering agency when the person registers the aircraft; or

(3) to the registering agency when the person registers the watercraft because it is a United States Coast Guard documented vessel;

unless the person presents proof to the agency that the use tax or state gross retail tax has already been paid with respect to the purchase of the vehicle, watercraft, or aircraft or proof that the taxes are inapplicable because of an exemption under this article.

(e) At the time a person pays the use tax for the purchase of a vehicle to a titling agency pursuant to subsection (d), the titling agency shall compute the tax due based on the presumption that the sale price was the average selling price for that vehicle, as determined under a used vehicle buying guide to be chosen by the titling agency. However, the titling agency shall compute the tax due based on the actual sale price of the vehicle if the buyer, at the time the buyer pays the tax to the titling agency, presents documentation to the titling agency sufficient to rebut the presumption set forth in this subsection and to establish the actual selling price of the vehicle.

SECTION 40. IC 6-2.5-3-7, AS AMENDED BY P.L.211-2007, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 7. (a) A person who acquires tangible personal property **or a service, or both,** from a retail merchant for delivery in Indiana is presumed to have:

(1) acquired the property for storage, use, or consumption in Indiana; **and**

(2) received the service in Indiana.

However, the person or the retail merchant can produce evidence to rebut that presumption.

(b) A retail merchant is not required to produce evidence of nontaxability under subsection (a) if the retail merchant receives from the person who acquired the property **or service** an exemption certificate which certifies, in the form prescribed by the department, that the acquisition is exempt from the use tax.

(c) A retail merchant that sells tangible personal property **or a service** to a person that purchases the tangible personal property **or service** for use or consumption in providing public transportation under IC 6-2.5-5-27 may verify the exemption by obtaining the person's:

(1) name;

(2) address; and

(3) motor carrier number, United States Department of Transportation number, or any other identifying number

C o p y

authorized by the department.

The person engaged in public transportation shall provide a signature to affirm under penalties of perjury that the information provided to the retail merchant is correct and that the tangible personal property **or service** is being purchased for an exempt purpose.

SECTION 41. IC 6-2.5-3-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 8. (a) When a retail merchant collects the use tax from a person, ~~he~~ **the retail merchant** shall, upon request, issue a receipt to that person for the use tax collected.

(b) If the department assesses the use tax against a person for the person's storage, use, or consumption of tangible personal property **or use of a service** in Indiana, and if the person has already paid the use tax in relation to that property **or service** to a retail merchant who is registered under IC 6-2.5-6, to the department, or, in the case of a vehicle or aircraft, to the proper state agency, then the person may avoid paying the use tax to the department if ~~he~~ **the person** can produce a receipt or other written evidence showing that ~~he~~ **the person** has so made the use tax payment.

SECTION 42. IC 6-2.5-4-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) A person is a retail merchant making a retail transaction when ~~he~~ **the person** engages in selling at retail.

(b) A person is engaged in selling at retail when, in the ordinary course of ~~his~~ **the person's** regularly conducted trade or business, ~~he.~~ **the person does either of the following:**

(1) **The person:**

(A) acquires tangible personal property for the purpose of resale; and

~~(2)~~ **(B)** transfers that property to another person for consideration.

(2) The person performs a service for consideration.

(c) For purposes of determining what constitutes selling at retail, it does not matter whether:

(1) the property is transferred **or the service is performed** in the same form as when it was acquired;

(2) the property is transferred **or the service is performed** alone or in conjunction with other property or services; or

(3) the property is transferred **or the service is performed** conditionally or otherwise.

(d) Notwithstanding subsection (b), a person is not selling at retail if ~~he~~ **the person** is making a wholesale sale as described in section 2

C o p y

of this chapter.

(e) The gross retail income received from selling at retail is only taxable under this article to the extent that the income represents

~~(1)~~ the price of the property transferred ~~without the rendition of any~~ **or the** service ~~and~~

~~(2) except as provided in subsection (g), any bona fide charges which are made for preparation, fabrication, alteration, modification, finishing, completion, delivery, or other service performed in respect to the property transferred before its transfer and which are separately stated on the transferor's records.~~

~~For purposes of this subsection, a transfer is considered to have occurred after delivery of the property to the purchaser.~~ **performed by the seller, or both.**

(f) Notwithstanding subsection (e):

(1) in the case of retail sales of gasoline (as defined in IC 6-6-1.1-103) and special fuel (as defined in IC 6-6-2.5-22), the gross retail income received from selling at retail is the total sales price of the gasoline or special fuel minus the part of that price attributable to tax imposed under IC 6-6-1.1, IC 6-6-2.5, or Section 4041(a) or Section 4081 of the Internal Revenue Code; and

(2) in the case of retail sales of cigarettes (as defined in IC 6-7-1-2), the gross retail income received from selling at retail is the total sales price of the cigarettes, including the tax imposed under IC 6-7-1.

~~(g) Gross retail income does not include income that represents charges for serving or delivering food and food ingredients furnished, prepared, or served for consumption at a location, or on equipment, provided by the retail merchant. However, the exclusion under this subsection only applies if the charges for the serving or delivery are stated separately from the price of the food and food ingredients when the purchaser pays the charges.~~

SECTION 43. IC 6-2.5-4-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 2. (a) A person is a retail merchant making a retail transaction when ~~he~~ **the person** is making wholesale sales.

(b) For purposes of this section, a person is making wholesale sales when ~~he:~~ **the person:**

(1) sells tangible personal property, other than capital assets or depreciable property, to a person who purchases the property for the purpose of reselling it without changing its form;

(2) sells tangible personal property to a person who purchases the

C o p y

property for direct consumption as a material in the direct production of other tangible personal property produced by the person in ~~his~~ **the person's** business of manufacturing, processing, refining, repairing, mining, agriculture, or horticulture;

(3) sells tangible personal property to a person who purchases the property for incorporation as a material or integral part of tangible personal property produced by the person in ~~his~~ **the person's** business of manufacturing, assembling, constructing, refining, or processing;

(4) sells drugs, medical or dental preparations, or other similar materials to a person who purchases the materials for direct consumption in professional use by a physician, hospital, embalmer, funeral director, or tonsorial parlor;

(5) sells tangible personal property to a person who purchases the property for direct consumption in ~~his~~ **the person's** business of industrial cleaning; or

(6) sells tangible personal property to a person who purchases the property for direct consumption in the person's business in the direct rendering of public utility service.

~~(c) Notwithstanding any provision of this article, a person is not making a retail transaction when he:~~

~~(1) acquires tangible personal property owned by another person;~~

~~(2) provides industrial processing or servicing, including enameling or plating, on the property; and~~

~~(3) transfers the property back to the owner to be sold by that owner either in the same form or as a part of other tangible personal property produced by that owner in his business of manufacturing, assembling, constructing, refining, or processing.~~

SECTION 44. IC 6-2.5-4-5, AS AMENDED BY P.L.32-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 5. (a) As used in this section, a "power subsidiary" means a corporation which is owned or controlled by one (1) or more public utilities that furnish or sell electrical energy, natural or artificial gas, water, steam, or steam heat and which produces power exclusively for the use of those public utilities.

(b) A power subsidiary or a person engaged as a public utility is a retail merchant making a retail transaction when the subsidiary or person furnishes or sells electrical energy, natural or artificial gas, water, steam, or steam heating service to a person for commercial or domestic consumption.

(c) Notwithstanding subsection (b), a power subsidiary or a person engaged as a public utility is not a retail merchant making a retail

C o p y

transaction in any of the following transactions:

~~(1) The power subsidiary or person provides, installs, constructs, services, or removes tangible personal property which is used in connection with the furnishing of the services or commodities listed in subsection (b).~~

~~(2)~~ **(1)** The power subsidiary or person sells the services or commodities listed in subsection (b) to another public utility or power subsidiary described in this section or a person described in section 6 of this chapter.

~~(3)~~ **(2)** The power subsidiary or person sells the services or commodities listed in subsection (b) to a person for use in manufacturing, mining, production, refining, oil extraction, mineral extraction, irrigation, agriculture, or horticulture. However, this exclusion for sales of the services and commodities only applies if the services are consumed as an essential and integral part of an integrated process that produces tangible personal property and those sales are separately metered for the excepted uses listed in this subdivision, or if those sales are not separately metered but are predominately used by the purchaser for the excepted uses listed in this subdivision.

~~(4)~~ **(3)** The power subsidiary or person sells the services or commodities listed in subsection (b) and all the following conditions are satisfied:

(A) The services or commodities are sold to a business that after June 30, 2004:

(i) relocates all or part of its operations to a facility; or

(ii) expands all or part of its operations in a facility;

located in a military base (as defined in IC 36-7-30-1(c)), a military base reuse area established under IC 36-7-30, the part of an economic development area established under IC 36-7-14.5-12.5 that is or formerly was a military base (as defined in IC 36-7-30-1(c)), a military base recovery site designated under IC 6-3.1-11.5, or a qualified military base enhancement area established under IC 36-7-34.

(B) The business uses the services or commodities in the facility described in clause (A) not later than five (5) years after the operations that are relocated to the facility or expanded in the facility commence.

(C) The sales of the services or commodities are separately metered for use by the relocated or expanded operations.

(D) In the case of a business that uses the services or commodities in a qualified military base enhancement area

C o p y

established under IC 36-7-34-4(1), the business must satisfy at least one (1) of the following criteria:

(i) The business is a participant in the technology transfer program conducted by the qualified military base (as defined in IC 36-7-34-3).

(ii) The business is a United States Department of Defense contractor.

(iii) The business and the qualified military base have a mutually beneficial relationship evidenced by a memorandum of understanding between the business and the United States Department of Defense.

(E) In the case of a business that uses the services or commodities in a qualified military base enhancement area established under IC 36-7-34-4(2), the business must satisfy at least one (1) of the following criteria:

(i) The business is a participant in the technology transfer program conducted by the qualified military base (as defined in IC 36-7-34-3).

(ii) The business and the qualified military base have a mutually beneficial relationship evidenced by a memorandum of understanding between the business and the qualified military base (as defined in IC 36-7-34-3).

However, this subdivision does not apply to a business that substantially reduces or ceases its operations at another location in Indiana in order to relocate its operations in an area described in this subdivision, unless the department determines that the business had existing operations in the area described in this subdivision and that the operations relocated to the area are an expansion of the business's operations in the area.

~~(5) The power subsidiary or person sells services or commodities that:~~

~~(A) are referred to in subsection (b); and~~

~~(B) qualify as home energy (as defined in IC 6-2.5-5-16.5);~~

~~to a person who acquires the services or commodities after June 30, 2006, and before July 1, 2009, through home energy assistance (as defined in IC 6-2.5-5-16.5).~~

SECTION 45. IC 6-2.5-4-6, AS AMENDED BY P.L.145-2007, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 6. (a) A person is a retail merchant making a retail transaction when the person:

(1) furnishes or sells an intrastate telecommunication service; and

(2) receives gross retail income from billings or statements

C o p y

rendered to customers.

(b) Notwithstanding subsection (a), a person is not a retail merchant making a retail transaction when:

(1) the person furnishes or sells telecommunication services to another person described in this section or in section 5 of this chapter;

(2) the person furnishes telecommunications services to another person who is providing prepaid calling services or prepaid wireless calling services in a retail transaction to customers who access the services through the use of ~~an access or authorization number or card as described in section 13 of this chapter;~~ **a:**

(A) prepaid telephone calling card or the reauthorization of a prepaid telephone calling card; or

(B) prepaid telephone authorization number or the reauthorization of a prepaid telephone authorization number; or

(3) the person furnishes intrastate mobile telecommunications service (as defined in IC 6-8.1-15-7) to a customer with a place of primary use that is not located in Indiana (as determined under IC 6-8.1-15). ~~or~~

~~(4) the person furnishes or sells value added nonvoice data services in a retail transaction to a customer.~~

(c) Subject to IC 6-2.5-12 and IC 6-8.1-15, and notwithstanding subsections (a) and (b), if charges for telecommunication services, ancillary services, Internet access, audio services, or video services that are not taxable under this article are aggregated with and not separately stated from charges subject to taxation under this article, the charges for nontaxable telecommunication services, ancillary services, Internet access, audio services, or video services are subject to taxation unless the service provider can reasonably identify the charges not subject to the tax from the service provider's books and records kept in the regular course of business.

SECTION 46. IC 6-2.5-4-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 9. (a) A person is a retail merchant making a retail transaction:

(1) when the person sells tangible personal property ~~which.~~ **or services;**

~~(1)~~ **(2) when the tangible personal property** is to be added to a structure or facility **or the service is used to add tangible personal property to a structure or facility** by the purchaser; and

~~(2)~~ **(3)** after ~~its~~ **the** addition to the structure or facility, **the**

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tangible personal property would become a part of the real estate on which the structure or facility is located.

(b) Notwithstanding subsection (a), a transaction described in subsection (a) is not a retail transaction if the ultimate purchaser or recipient of the property to be added to the structure or facility would be exempt from the state gross retail and use taxes if that purchaser or recipient had directly purchased the property from the supplier for addition to the structure or facility.

SECTION 47. IC 6-2.5-4-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 10. (a) A person, other than a public utility, is a retail merchant making a retail transaction when ~~he~~ **the person** rents or leases tangible personal property to another person. ~~other than for subrent or sublease.~~

(b) A person is a retail merchant making a retail transaction when the person sells any tangible personal property which has been rented or leased in the regular course of the person's rental or leasing business.

~~(c) Notwithstanding subsection (a), a person is not a retail merchant making a retail transaction when the person rents or leases motion picture film, audio tape, or video tape to another person. However, this exclusion only applies if:~~

~~(1) the person who pays to rent or lease the film charges admission to those who view the film; or~~

~~(2) the person who pays to rent or lease the film or tape broadcasts the film or tape for home viewing or listening.~~

SECTION 48. IC 6-2.5-4-11, AS AMENDED BY P.L.2-2005, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 11. (a) A person is a retail merchant making a retail transaction when the person furnishes cable television or radio service or satellite television or radio service that terminates in Indiana.

(b) ~~Notwithstanding subsection (a),~~ A person is ~~not~~ a retail merchant making a retail transaction when the person provides, installs, constructs, services, or removes tangible personal property which is used in connection with the furnishing of cable television or radio service or satellite television or radio service.

SECTION 49. IC 6-2.5-5-8, AS AMENDED BY P.L.182-2009(ss), SECTION 176, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 8. (a) As used in this section, "new motor vehicle" has the meaning set forth in IC 9-13-2-111.

(b) Transactions involving tangible personal property other than a new motor vehicle are exempt from the state gross retail tax if the person acquiring the property acquires it for resale, rental, or leasing in the ordinary course of the person's business without changing the form

C o p y

of the property.

(c) The following transactions involving a new motor vehicle are exempt from the state gross retail tax:

(1) A transaction in which a person that has a franchise in effect at the time of the transaction for the vehicle trade name, trade or service mark, or related characteristics acquires a new motor vehicle for resale, rental, or leasing in the ordinary course of the person's business.

(2) A transaction in which a person that is a franchisee appointed by a manufacturer or converter manufacturer licensed under IC 9-23 acquires a new motor vehicle that has at least one (1) trade name, service mark, or related characteristic as a result of modification or further manufacture by the manufacturer or converter manufacturer for resale, rental, or leasing in the ordinary course of the person's business.

(3) A transaction in which a person acquires a new motor vehicle for rental or leasing in the ordinary course of the person's business.

(d) The rental or leasing of accommodations to a promoter by a political subdivision (including a capital improvement board) or the state fair commission is not exempt from the state gross retail tax, if the rental or leasing of the property by the promoter is exempt under ~~IC 6-2.5-4-4.~~ **section 48 of this chapter.**

(e) This subsection applies only to aircraft acquired after June 30, 2008. Except as provided in subsection (h), a transaction in which a person acquires an aircraft for rental or leasing in the ordinary course of the person's business is not exempt from the state gross retail tax unless the person establishes, under guidelines adopted by the department in the manner provided in IC 4-22-2-37.1 for the adoption of emergency rules, that the annual amount of the gross lease revenue derived from leasing or rental of the aircraft, which may include revenue from related party transactions, is equal to or greater than seven and five-tenths percent (7.5%) of the:

(1) book value of the aircraft, as published in the Vref Aircraft Value Reference guide for the aircraft; or

(2) net acquisition price for the aircraft.

If a person acquires an aircraft below the Vref Aircraft Value Reference guide book value, the person may appeal to the department for a lower lease or rental threshold equal to the actual acquisition price paid if the person demonstrates that the transaction was completed in a commercially reasonable manner based on the aircraft's age, condition, and equipment. The department may request the person to

C o p y

submit to the department supporting documents showing the aircraft is available for general public lease or rental, copies of business and aircraft insurance policies, and other documents that assist the department in determining if an aircraft is exempt from the state gross retail tax.

(f) A person is required to meet the requirements of subsection (e) until the earlier of the date the aircraft has generated sales tax on leases or rental income that is equal to the amount of the original sales tax exemption or the elapse of thirteen (13) years. If the aircraft is sold by the person before meeting the requirements of this section and before the sale the aircraft was exempt from gross retail tax under subsection (e), the sale of the aircraft shall not result in the assessment or collection of gross retail tax for the period from the date of acquisition to the date of sale by the person.

(g) The person is required to remit the gross retail tax on taxable lease and rental transactions no matter how long the aircraft is used for lease and rental.

(h) This subsection applies only to aircraft acquired after December 31, 2007. A transaction in which a person acquires an aircraft to rent or lease the aircraft to another person for predominant use in public transportation by the other person or by an affiliate of the other person is exempt from the state gross retail tax. The department may not require a person to meet the revenue threshold in subsection (e) with respect to the person's leasing or rental of the aircraft to receive or maintain the exemption. To maintain the exemption provided under this subsection, the department may require the person to submit only annual reports showing that the aircraft is predominantly used to provide public transportation.

(i) The exemptions allowed under subsections (e) and (h) apply regardless of the relationship, if any, between the person or lessor and the lessee or renter of the aircraft.

SECTION 50. IC 6-2.5-5-21, AS AMENDED BY P.L.2-2007, SECTION 119, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 21. (a) For purposes of this section, "private benefit or gain" does not include reasonable compensation paid to an employee for work or services actually performed.

(b) Sales of food, ~~and~~ food ingredients, **and delivery of food or food ingredients** are exempt from the state gross retail tax if:

(1) the seller meets the filing requirements under subsection (d) and is any of the following:

(A) A fraternity, a sorority, or a student cooperative housing organization that is connected with and under the supervision

C o p y

of a postsecondary educational institution if no part of its income is used for the private benefit or gain of any member, trustee, shareholder, employee, or associate.

(B) Any:

(i) institution;

(ii) trust;

(iii) group;

(iv) united fund;

(v) affiliated agency of a united fund;

(vi) nonprofit corporation;

(vii) cemetery association; or

(viii) organization;

that is organized and operated exclusively for religious, charitable, scientific, literary, educational, or civic purposes if no part of its income is used for the private benefit or gain of any member, trustee, shareholder, employee, or associate.

(C) A group, an organization, or a nonprofit corporation that is organized and operated for fraternal or social purposes, or as a business league or association, and not for the private benefit or gain of any member, trustee, shareholder, employee, or associate.

(D) A:

(i) hospital licensed by the state department of health;

(ii) shared hospital services organization exempt from federal income taxation by Section 501(c)(3) or 501(e) of the Internal Revenue Code;

(iii) labor union;

(iv) church;

(v) monastery;

(vi) convent;

(vii) school that is a part of the Indiana public school system;

(viii) parochial school regularly maintained by a recognized religious denomination; or

(ix) trust created for the purpose of paying pensions to members of a particular profession or business who created the trust for the purpose of paying pensions to each other;

if the taxpayer is not organized or operated for private profit or gain;

(2) the purchaser is a person confined to ~~his~~ **the purchaser's** home because of age, sickness, or infirmity;

(3) the seller delivers the food and food ingredients to the

C o p y

purchaser; and

(4) the delivery is prescribed as medically necessary by a physician licensed to practice medicine in Indiana.

(c) Sales of food, ~~and~~ food ingredients, **and the delivery of food or food ingredients** are exempt from the state gross retail tax if the seller is an organization described in subsection (b)(1) and the purchaser is a patient in a hospital operated by the seller.

(d) To obtain the exemption provided by this section, a taxpayer must file an application for exemption with the department:

(1) before January 1, 2003, under IC 6-2.1-3-19 (repealed); or

(2) not later than one hundred twenty (120) days after the taxpayer's formation.

In addition, the taxpayer must file an annual report with the department on or before the fifteenth day of the fifth month following the close of each taxable year. If a taxpayer fails to file the report, the department shall notify the taxpayer of the failure. If within sixty (60) days after receiving such notice the taxpayer does not provide the report, the taxpayer's exemption shall be canceled. However, the department may reinstate the taxpayer's exemption if the taxpayer shows by petition that the failure was due to excusable neglect.

SECTION 51. IC 6-2.5-5-21.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 21.5. Sales of food, ~~and~~ food ingredients, **and the delivery of food or food ingredients** prescribed as medically necessary by a physician licensed to practice medicine in Indiana are exempt from the state gross retail tax if:

(1) a registered pharmacist makes the sale upon the prescription of a practitioner who is licensed to practice medicine in Indiana; or

(2) the licensed practitioner makes the sale of the food, ~~and~~ **the** food ingredients, **or the delivery of the food or food ingredients** described in this section.

SECTION 52. IC 6-2.5-5-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 26. (a) Sales of tangible personal property **or services** are exempt from the state gross retail tax, if:

(1) the seller is an organization that is described in section 21(b)(1) of this chapter;

(2) the organization makes the sale to make money to carry on a not-for-profit purpose; and

(3) the organization does not make those sales during more than thirty (30) days in a calendar year.

(b) Sales of tangible personal property **or services** are exempt from

C o p y

the state gross retail tax, if:

(1) the seller is an organization described in section 21(b)(1) of this chapter;

(2) the seller is not operated predominantly for social purposes;

(3) the property **or service** sold is designed and intended primarily either for the organization's educational, cultural, or religious purposes, or for improvement of the work skills or professional qualifications of the organization's members; and

(4) the property **or service** sold is not designed or intended primarily for use in carrying on a private or proprietary business.

(c) The exemption provided by this section does not apply to an accredited college or university's sales of books, stationery, haberdashery, supplies, or other property **or noneducational services.**

SECTION 53. IC 6-2.5-5-33 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 33. Sales of tangible personal property **or services** purchased with food stamps are exempt from the state gross retail tax.

SECTION 54. IC 6-2.5-5-45 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 45. (a) Sales of any of the following health services are exempt from the state gross retail and use tax:**

(1) Preventive care.

(2) Inpatient and outpatient hospital and physician care.

(3) Diagnostic laboratory care.

(4) Diagnostic and therapeutic radiological services.

(5) Emergency care.

(6) Mental health services.

(7) Services for alcohol and drug abuse.

(8) Dental services.

(9) Vision services.

(10) Long term rehabilitation treatment.

(11) Home health services.

(b) Sales of insurance coverage that will pay for services listed in subsection (a) are exempt from the state gross retail and use tax.

SECTION 55. IC 6-2.5-5-45 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 45. Transactions involving professional legal advice are exempt from the state gross retail tax.**

SECTION 56. IC 6-2.5-5-46 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 46. Transactions involving the leasing or rental of real property for at least thirty (30) consecutive days are exempt**

C o p y

from the state gross retail tax.

SECTION 57. IC 6-2.5-5-47 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 47. Transactions involving labor furnished to a person by the person's employee are exempt from the state gross retail tax.**

SECTION 58. IC 6-2.5-5-48 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 48. A transaction is exempt from the state gross retail tax if the transaction involves a person who is a promoter who rents a booth or display space to an exhibitor and the booth or display space is located in a facility that:**

(1) has rooms, lodgings, and accommodations located in a hotel, motel, inn, tourist camp, tourist cabin, gymnasium, hall, coliseum, or other place where rooms, lodgings, or accommodations are regularly furnished for consideration; and

(2) is operated by a political subdivision (including a capital improvement board established under IC 36-10-8 or IC 36-10-9) or the state fair commission.

This section does not exempt from the state gross retail tax the renting of accommodations by a political subdivision or the state fair commission to a promoter or an exhibitor.

SECTION 59. IC 6-2.5-6-7, AS AMENDED BY P.L.146-2008, SECTION 311, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 7. Except as otherwise provided in IC 6-2.5-7 or in this chapter, a retail merchant shall pay to the department, for a particular reporting period, an amount equal to the product of:

(1) ~~seven~~ **five and one-half** percent ~~(7%).~~ **(5.5%);** multiplied by

(2) the retail merchant's total gross retail income from taxable transactions made during the reporting period.

The amount determined under this section is the retail merchant's state gross retail and use tax liability regardless of the amount of tax the retail merchant actually collects.

SECTION 60. IC 6-2.5-6-8, AS AMENDED BY P.L.146-2008, SECTION 312, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 8. (a) For purposes of determining the amount of state gross retail and use taxes which a retail merchant must remit under section 7 of this chapter, the retail merchant may exclude from the retail merchant's gross retail income from retail transactions made during a particular reporting period, an amount equal

C o p y

to the product of:

(1) the amount of that gross retail income; multiplied by

(2) the retail merchant's "income exclusion ratio" for the tax year which contains the reporting period.

(b) A retail merchant's "income exclusion ratio" for a particular tax year equals a fraction, the numerator of which is the retail merchant's estimated total gross retail income for the tax year from unitary retail transactions which produce gross retail income of less than ~~eight~~ **nine** cents ~~($0.08)~~ **($0.09)** each, and the denominator of which is the retail merchant's estimated total gross retail income for the tax year from all retail transactions.

(c) In order to minimize a retail merchant's recordkeeping requirements, the department shall prescribe a procedure for determining the retail merchant's income exclusion ratio for a tax year, based on a period of time, not to exceed fifteen (15) consecutive days, during the first quarter of the retail merchant's tax year. However, the period of time may be changed if the change is requested by the retail merchant because of the retail merchant's peculiar accounting procedures or marketing factors. In addition, if a retail merchant has multiple sales locations or diverse types of sales, the department shall permit the retail merchant to determine the ratio on the basis of a representative sampling of the locations and types of sales.

SECTION 61. IC 6-2.5-6-9, AS AMENDED BY P.L.162-2006, SECTION 23, AND AS AMENDED BY P.L.184-2006, SECTION 2, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 9. (a) In determining the amount of state gross retail and use taxes which a retail merchant must remit under section 7 of this chapter, the retail merchant shall, subject to subsections (c) and (d), deduct from the retail merchant's gross retail income from retail transactions made during a particular reporting period, an amount equal to the retail merchant's receivables which:

(1) resulted from retail transactions in which the retail merchant did not collect the state gross retail or use tax from the purchaser;

(2) resulted from retail transactions on which the retail merchant has previously paid the state gross retail or use tax liability to the department; and

(3) were written off as an uncollectible debt for federal tax purposes under Section 166 of the Internal Revenue Code during the particular reporting period.

(b) If a retail merchant deducts a receivable under subsection (a) and subsequently collects all or part of that receivable, then the retail merchant shall, subject to subsection (d)(6), include the amount

C o p y

collected as part of the retail merchant's gross retail income from retail transactions for the particular reporting period in which the retail merchant makes the collection.

(c) This subsection applies only to retail transactions occurring after ~~*June 30, 2007.*~~ *December 31, 2006.* As used in this subsection, "affiliated group" means any combination of the following:

(1) An affiliated group within the meaning provided in Section 1504 of the Internal Revenue Code (except that the ownership percentage in Section 1504(a)(2) of the Internal Revenue Code shall be determined using fifty percent (50%) instead of eighty percent (80%)) *or a relationship described in Section 267(b)(11) of the Internal Revenue Code.*

(2) Two (2) or more partnerships (as defined in IC 6-3-1-19), including limited liability companies and limited liability partnerships, that have the same degree of mutual ownership as an affiliated group described in subdivision (1), as determined under the rules adopted by the department.

The right to a deduction under this section is not assignable to an individual or entity that is not part of the same affiliated group as the assignor.

(d) The following provisions apply to a deduction for a receivable treated as uncollectible debt under subsection (a):

(1) The deduction does not include interest.

(2) The amount of the deduction shall be determined in the manner provided by Section 166 of the Internal Revenue Code for bad debts but shall be adjusted to exclude:

(A) financing charges or interest;

(B) sales or use taxes charged on the purchase price;

(C) uncollectible amounts on property that remain in the possession of the seller **or a service that is not delivered** until the full purchase price is paid;

(D) expenses incurred in attempting to collect any debt; and

(E) repossessed property.

(3) The deduction shall be claimed on the return for the period during which the receivable is written off as uncollectible in the claimant's books and records and is eligible to be deducted for federal income tax purposes. For purposes of this subdivision, a claimant who is not required to file federal income tax returns may deduct an uncollectible receivable on a return filed for the period in which the receivable is written off as uncollectible in the claimant's books and records and would be eligible for a bad debt deduction for federal income tax purposes if the claimant were

C o p y

required to file a federal income tax return.

(4) If the amount of uncollectible receivables claimed as a deduction by a retail merchant for a particular reporting period exceeds the amount of the retail merchant's taxable sales for that reporting period, the retail merchant may file a refund claim under IC 6-8.1-9. However, the deadline for the refund claim shall be measured from the due date of the return for the reporting period on which the deduction for the uncollectible receivables could first be claimed.

(5) If a retail merchant's filing responsibilities have been assumed by a certified service provider (as defined in IC 6-2.5-11-2), the certified service provider may claim, on behalf of the retail merchant, any deduction or refund for uncollectible receivables provided by this section. The certified service provider must credit or refund the full amount of any deduction or refund received to the retail merchant.

(6) For purposes of reporting a payment received on a previously claimed uncollectible receivable, any payments made on a debt or account shall be applied first proportionally to the taxable price of the property **or service** and the state gross retail tax or use tax thereon, and secondly to interest, service charges, and any other charges.

(7) A retail merchant claiming a deduction for an uncollectible receivable may allocate that receivable among the states that are members of the streamlined sales and use tax agreement if the books and records of the retail merchant support that allocation.

SECTION 62. IC 6-2.5-6-10, AS AMENDED BY P.L.146-2008, SECTION 313, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 10. (a) In order to compensate retail merchants for collecting and timely remitting the state gross retail tax and the state use tax, every retail merchant, except a retail merchant referred to in subsection (c), is entitled to deduct and retain from the amount of those taxes otherwise required to be remitted under IC 6-2.5-7-5 or under this chapter, if timely remitted, a retail merchant's collection allowance.

(b) The allowance equals a percentage of the retail merchant's state gross retail and use tax liability accrued during a calendar year, specified as follows:

(1) ~~Seventy-three~~ **Ninety-three** hundredths percent ~~(0.73%),~~ **(0.93%)** if the retail merchant's state gross retail and use tax liability accrued during the state fiscal year ending on June 30 of the immediately preceding calendar year did not exceed sixty

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thousand dollars ($60,000).

(2) ~~Fifty-three~~ **Sixty-seven** hundredths percent ~~(0.53%),~~ **(0.67%),** if the retail merchant's state gross retail and use tax liability accrued during the state fiscal year ending on June 30 of the immediately preceding calendar year:

(A) was greater than sixty thousand dollars ($60,000); and

(B) did not exceed six hundred thousand dollars ($600,000).

(3) ~~Twenty-six~~ **Thirty-three** hundredths percent ~~(0.26%),~~ **(0.33%),** if the retail merchant's state gross retail and use tax liability accrued during the state fiscal year ending on June 30 of the immediately preceding calendar year was greater than six hundred thousand dollars ($600,000).

(c) A retail merchant described in IC 6-2.5-4-5 or IC 6-2.5-4-6 is not entitled to the allowance provided by this section.

SECTION 63. IC 6-2.5-7-3, AS AMENDED BY P.L.146-2008, SECTION 314, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 3. (a) With respect to the sale of gasoline which is dispensed from a metered pump, a retail merchant shall collect, for each unit of gasoline sold, state gross retail tax in an amount equal to the product, rounded to the nearest one-tenth of one cent ($0.001), of:

(1) the price per unit before the addition of state and federal taxes; multiplied by

(2) ~~seven~~ **five and one-half** percent ~~(7%).~~ **(5.5%).**

The retail merchant shall collect the state gross retail tax prescribed in this section even if the transaction is exempt from taxation under IC 6-2.5-5.

(b) With respect to the sale of special fuel or kerosene which is dispensed from a metered pump, unless the purchaser provides an exemption certificate in accordance with IC 6-2.5-8-8, a retail merchant shall collect, for each unit of special fuel or kerosene sold, state gross retail tax in an amount equal to the product, rounded to the nearest one-tenth of one cent ($0.001), of:

(1) the price per unit before the addition of state and federal taxes; multiplied by

(2) ~~seven~~ **five and one-half** percent ~~(7%).~~ **(5.5%).**

Unless the exemption certificate is provided, the retail merchant shall collect the state gross retail tax prescribed in this section even if the transaction is exempt from taxation under IC 6-2.5-5.

SECTION 64. IC 6-2.5-7-5, AS AMENDED BY P.L.148-2009, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 5. (a) Each retail merchant who dispenses

C o p y

gasoline or special fuel from a metered pump shall, in the manner prescribed in IC 6-2.5-6, report to the department the following information:

(1) The total number of gallons of gasoline sold from a metered pump during the period covered by the report.

(2) The total amount of money received from the sale of gasoline described in subdivision (1) during the period covered by the report.

(3) That portion of the amount described in subdivision (2) which represents state and federal taxes imposed under this article, IC 6-6-1.1, or Section 4081 of the Internal Revenue Code.

(4) The total number of gallons of special fuel sold from a metered pump during the period covered by the report.

(5) The total amount of money received from the sale of special fuel during the period covered by the report.

(6) That portion of the amount described in subdivision (5) that represents state and federal taxes imposed under this article, IC 6-6-2.5, or Section 4041 of the Internal Revenue Code.

(7) The total number of gallons of E85 sold from a metered pump during the period covered by the report.

(b) Concurrently with filing the report, the retail merchant shall remit the state gross retail tax in an amount which equals ~~six and fifty-four~~ **five and twenty-one** hundredths percent ~~(6.54%)~~ **(5.21%)** of the gross receipts, including state gross retail taxes but excluding Indiana and federal gasoline and special fuel taxes, received by the retail merchant from the sale of the gasoline and special fuel that is covered by the report and on which the retail merchant was required to collect state gross retail tax. The retail merchant shall remit that amount regardless of the amount of state gross retail tax which the merchant has actually collected under this chapter. However, the retail merchant is entitled to deduct and retain the amounts prescribed in subsection (c), IC 6-2.5-6-10, and IC 6-2.5-6-11.

(c) A retail merchant is entitled to deduct from the amount of state gross retail tax required to be remitted under subsection (b) the amount determined under STEP THREE of the following formula:

STEP ONE: Determine:

(A) the sum of the prepayment amounts made during the period covered by the retail merchant's report; minus

(B) the sum of prepayment amounts collected by the retail merchant, in the merchant's capacity as a qualified distributor, during the period covered by the retail merchant's report.

STEP TWO: Subject to subsections (d) and (f), for qualified

C o p y

reporting periods beginning after June 30, 2009, and ending before July 1, 2020, determine the product of:

(A) eighteen cents ($0.18); multiplied by

(B) the number of gallons of E85 sold at retail by the retail merchant during the period covered by the retail merchant's report.

STEP THREE: Add the amounts determined under STEPS ONE and TWO.

For purposes of this section, a prepayment of the gross retail tax is presumed to occur on the date on which it is invoiced.

(d) The total amount of deductions allowed under subsection (c) STEP TWO may not exceed the amount of money that the budget agency determines is available in the retail merchant E85 deduction reimbursement fund established under IC 15-15-12-30.5 for the deductions for all retail merchants in a particular qualified reporting period. A retail merchant is not required to apply for an allocation of deductions under subsection (c) STEP TWO. Before August 1 of each year, the budget agency shall estimate whether the amount of deductions from the immediately preceding qualified reporting period that are subject to reimbursement under IC 15-15-12-30.5(f) and the deductions expected to be reported under subsection (c) STEP TWO for the qualified reporting periods beginning after December 31 and ending before April 1 of the following year will exceed the amount of money available in the retail merchant E85 deduction reimbursement fund for the deductions. If the budget agency determines that the amount of money in the retail merchant E85 deduction reimbursement fund is insufficient to cover the amount of the deductions expected to be reported, the budget agency shall publish in the Indiana Register a notice that the deduction program under subsection (c) STEP TWO is suspended with respect to the qualified reporting periods occurring in the following calendar year and that no deductions will be granted for retail transactions occurring in the qualified reporting periods occurring in the following calendar year.

(e) As used in this section, "qualified reporting period" refers to a reporting period beginning after December 31 and ending before April 1 of each year.

(f) The budget agency may suspend the deduction program under subsection (c) STEP TWO for a particular year at any time during a qualified reporting period if the budget agency determines that the amount of money in the retail merchant E85 deduction reimbursement fund and the amount of money that will be transferred to the fund on July 1 will not be sufficient to reimburse the deductions expected to

C o p y

occur before the deduction program for the year ends on March 31. The budget agency shall immediately provide notice to the participating retail merchants of the decision to suspend the deduction program for that year.

SECTION 65. IC 6-2.5-8-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 3. (a) A manufacturer or wholesaler may register with the department as a purchaser of property **or services** in exempt transactions. A manufacturer or wholesaler wishing to register must apply in the same manner and pay the same fee as a retail merchant under section 1 of this chapter.

(b) Upon receiving the application and fee, the department may issue a manufacturer's or wholesaler's certificate for each place of business listed on the application. Each certificate shall contain a serial number and the location of the place of business for which it is issued.

SECTION 66. IC 6-2.5-8-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 4. (a) An organization exempt from the state gross retail tax under IC 6-2.5-5-21, IC 6-2.5-5-25, or IC 6-2.5-5-26 may register with the department as a purchaser of property **or services** in exempt transactions. An exempt organization wishing to register must file an application listing its principal location, but the organization is not required to pay the fee.

(b) Upon receiving the application, the department may issue an exempt organization certificate containing a serial number and the principal location of the exempt organization.

SECTION 67. IC 6-2.5-10-1, AS AMENDED BY P.L.146-2008, SECTION 317, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) The department shall account for all state gross retail and use taxes that it collects.

(b) The department shall deposit those collections in the following manner:

(1) ~~Ninety-nine and one hundred seventy-eight thousandths percent (99.178%)~~ **Ninety-nine and five hundred fifty-one thousandths percent (99.551%)** of the collections shall be paid into the state general fund.

(2) ~~Sixty-seven hundredths of one percent (0.67%)~~ **Three hundred fifty-three thousandths of one percent (0.353%)** of the collections shall be paid into the public mass transportation fund established by IC 8-23-3-8.

(3) ~~Twenty-nine thousandths of one percent (0.029%)~~ **Eighteen thousandths of one percent (0.018%)** of the collections shall be deposited into the industrial rail service fund established under IC 8-3-1.7-2.

C o p y

(4) ~~One hundred twenty-three thousandths of one percent (0.123%)~~ **Seventy-eight thousandths of one percent (0.078%)** of the collections shall be deposited into the commuter rail service fund established under IC 8-3-1.5-20.5.

SECTION 68. IC 6-2.5-14 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 14. Homestead Property Tax Replacement Distributions

Sec. 1. (a) Before July 1, 2011, and before July 1 each year thereafter, the department of local government finance shall determine for each county a homestead property tax replacement amount for the following year.

(b) A county's homestead property tax replacement amount is the result of the following:

STEP ONE: Determine the amount of net property taxes that would be first due and payable in the determination year in the county on all homesteads (as defined in IC 6-1.1-10.2-1). This determination shall be made as if:

(A) homesteads were subject to assessment for ad valorem property taxes in the determination year;

(B) the assessed value deductions provided by IC 6-1.1-12-37 and IC 6-1.1-12-37.5 (before their repeal) were still in effect; and

(C) the homestead circuit breaker credit under IC 6-1.1-20.6-7.5 were still applicable.

STEP TWO: Determine:

(A) the STEP ONE amount; multiplied by

(B) one (1) minus the percentage determined under IC 6-1.1-17-0.5(h) for the county; multiplied by

(C) the county's assessed value growth quotient determined under IC 6-1.1-18.5-2 for property taxes first due and payable in the determination year.

(c) Before August 2 each year, the department of local government finance shall certify in writing to each county auditor the amount of the county's certified homestead property tax replacement amount for the following year. Each taxing unit in a county is entitled to receive its allocation of the certified homestead property tax replacement amount based on the amount that each taxing unit would have received in property taxes on homesteads if:

(1) homesteads were subject to assessment for ad valorem

C o p y

property taxes in the determination year;

(2) the assessed value deductions provided by IC 6-1.1-12-37 and IC 6-1.1-12-37.5 (before their repeal) were still in effect; and

(3) the homestead circuit breaker credit under IC 6-1.1-20.6-7.5 were still applicable.

(d) The department of local government finance shall reduce each taxing unit's actual property tax levy for the year of the distribution by the amount of the certified homestead property tax replacement allocation to the taxing unit for that year.

Sec. 2. A taxing unit shall treat the amount certified for a year as revenue for the purpose of fixing the taxing unit's budget for that budget year.

Sec. 3. Each distribution under this chapter shall be made by the auditor of state to the appropriate county treasurer. The distribution for a year shall be made to the county treasurer in two (2) equal installments. The first installment shall be made on the first business day in May each year. The second installment shall be made on the first business day in November each year. The county auditor shall credit each installment to each taxing unit in the county at the same time and in the same manner as property taxes are credited.

Sec. 4. A taxing unit shall treat revenue received under this chapter as property tax revenue. A taxing unit shall credit the revenue received to all funds and accounts in the same proportion as property taxes are credited to each fund or account.

Sec. 5. There is appropriated from the state general fund the amount necessary to provide distributions under this chapter each year.

SECTION 69. IC 6-3-2-6, AS AMENDED BY P.L.146-2008, SECTION 318, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 6. (a) Each taxable year, an individual who rents a dwelling for use as the individual's principal place of residence may deduct from the individual's adjusted gross income (as defined in IC 6-3-1-3.5(a)), the lesser of:

(1) the amount of rent paid by the individual with respect to the dwelling during the taxable year; or

(2) ~~three~~ **eight** thousand dollars ~~($3,000).~~ **($8,000).**

(b) Notwithstanding subsection (a), a husband and wife filing a joint adjusted gross income tax return for a particular taxable year may not claim a deduction under this section of more than ~~three~~ **eight** thousand dollars ~~($3,000).~~ **($8,000).**

C o p y

(c) The deduction provided by this section does not apply to an individual who rents a dwelling that is exempt from Indiana property tax.

(d) For purposes of this section, a "dwelling" includes a single family dwelling and **a** unit of a multi-family dwelling.

SECTION 70. IC 6-3.5-1.1-1, AS AMENDED BY P.L.146-2008, SECTION 326, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 1. As used in this chapter:

"Adjusted gross income" has the same definition that the term is given in IC 6-3-1-3.5(a), except that in the case of a county taxpayer who is not a resident of a county that has imposed the county adjusted gross income tax, the term includes only adjusted gross income derived from the taxpayer's principal place of business or employment.

"Apartment complex" means real property consisting of at least five (5) units that are regularly used to rent or otherwise furnish residential accommodations for periods of at least thirty (30) days.

"Civil taxing unit" means any entity having the power to impose ad valorem property taxes except a school corporation. The term does not include a solid waste management district that is not entitled to a distribution under section 1.3 of this chapter. However, in the case of a consolidated city, the term "civil taxing unit" includes the consolidated city and all special taxing districts, all special service districts, and all entities whose budgets and property tax levies are subject to review under IC 36-3-6-9.

"County council" includes the city-county council of a consolidated city.

"County taxpayer" as it relates to a county for a year means any individual:

(1) who resides in that county on the date specified in section 16 of this chapter; or

(2) who maintains the taxpayer's principal place of business or employment in that county on the date specified in section 16 of this chapter and who does not on that same date reside in another county in which the county adjusted gross income tax, the county option income tax, or the county economic development income tax is in effect.

"Department" refers to the Indiana department of state revenue.

~~"Homestead" has the meaning set forth in IC 6-1.1-12-37.~~

"Nonresident county taxpayer" as it relates to a county for a year means any county taxpayer for that county for that year who is not a resident county taxpayer of that county for that year.

"Qualified residential property" refers to ~~any~~ **either** of the

C o p y

following:

(1) An apartment complex.

~~(2) A homestead.~~

~~(3)~~ **(2)** Residential rental property.

"Resident county taxpayer" as it relates to a county for a year means any county taxpayer who resides in that county on the date specified in section 16 of this chapter.

"Residential rental property" means real property consisting of not more than four (4) units that are regularly used to rent or otherwise furnish residential accommodations for periods of at least thirty (30) days.

"School corporation" means any public school corporation established under Indiana law.

SECTION 71. IC 6-3.5-1.1-26, AS AMENDED BY P.L.146-2008, SECTION 333, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 26. (a) A county council may impose a tax rate under this section to provide property tax ~~relief~~ **replacement revenue** to political subdivisions in the county. A county council is not required to impose any other tax before imposing a tax rate under this section.

(b) A tax rate under this section may be imposed in increments of five hundredths of one percent (0.05%) **as** determined by the county council. A tax rate under this section may not exceed one percent (1%).

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

(d) If a county council adopts an ordinance to impose or increase a tax rate under this section, the county auditor shall send a certified copy of the ordinance to the department and the department of local government finance by certified mail.

(e) A tax rate under this section may be imposed, increased, decreased, or rescinded by a county council at the same time and in the same manner that the county council may impose or increase a tax rate under section 24 of this chapter.

(f) Tax revenue attributable to a tax rate under this section may be used for any combination of the following purposes, as specified by ordinance of the county council:

(1) Except as provided in subsection (j), the tax revenue may be used to provide local property tax replacement credits at a uniform rate to all taxpayers in the county. The local property tax replacement credits shall be treated for all purposes as property tax levies. The county auditor shall determine the local property

C o p y

tax replacement credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide local property tax replacement credits in that year. A county council may not adopt an ordinance determining that tax revenue shall be used under this subdivision to provide local property tax replacement credits at a uniform rate to all taxpayers in the county unless the county council has done the following:

(A) Made available to the public the county council's best estimate of the amount of property tax replacement credits to be provided under this subdivision to ~~homesteads, other~~ **qualified** residential property, commercial property, industrial property, and agricultural property.

(B) Adopted a resolution or other statement acknowledging that some taxpayers in the county that do not pay the tax rate under this section will receive a property tax replacement credit that is funded with tax revenue from the tax rate under this section.

~~(2) The tax revenue may be used to uniformly increase (before January 1, 2009) or uniformly provide (after December 31, 2008) the homestead credit percentage in the county. The homestead credits shall be treated for all purposes as property tax levies. The homestead credits do not reduce the basis for determining the state homestead credit under IC 6-1.1-20.9 (before its repeal). The homestead credits shall be applied to the net property taxes due on the homestead after the application of all other assessed value deductions or property tax deductions and credits that apply to the amount owed under IC 6-1.1. The department of local government finance shall determine the homestead credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide homestead credits in that year.~~

~~(3)~~ **(2)** The tax revenue may be used to provide local property tax replacement credits at a uniform rate for all qualified residential property (as defined in IC 6-1.1-20.6-4 before January 1, 2009, and as defined in section 1 of this chapter after December 31, 2008) in the county. The local property tax replacement credits shall be treated for all purposes as property tax levies. The county auditor shall determine the local property tax replacement credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide local property tax replacement credits in that year.

~~(4)~~ **(3)** This subdivision applies only to Lake County. The Lake

C o p y

County council may adopt an ordinance providing that the tax revenue from the tax rate under this section is used for any of the following:

(A) To reduce all property tax levies imposed by the county by the granting of property tax replacement credits against those property tax levies.

(B) To provide local property tax replacement credits in Lake County in the following manner:

(i) The tax revenue under this section that is collected from taxpayers within a particular municipality in Lake County (as determined by the department based on the department's best estimate) shall be used only to provide a local property tax credit against property taxes imposed by that municipality.

(ii) The tax revenue under this section that is collected from taxpayers within the unincorporated area of Lake County (as determined by the department) shall be used only to provide a local property tax credit against property taxes imposed by the county. The local property tax credit for the unincorporated area of Lake County shall be available only to those taxpayers within the unincorporated area of the county.

(C) To provide property tax credits in the following manner:

(i) Sixty percent (60%) of the tax revenue under this section shall be used as provided in clause (B).

(ii) Forty percent (40%) of the tax revenue under this section shall be used to provide property tax replacement credits against property tax levies of the county and each township and municipality in the county. The percentage of the tax revenue distributed under this item that shall be used as credits against the county's levies or against a particular township's or municipality's levies is equal to the percentage determined by dividing the population of the county, township, or municipality by the sum of the total population of the county, each township in the county, and each municipality in the county.

The Lake County council shall determine whether the credits under clause (A), (B), or (C) shall be provided ~~to homesteads,~~ to all qualified residential property or to all taxpayers. The department of local government finance, with the assistance of the budget agency, shall certify to the county auditor and the fiscal body of the county and each township and municipality in the

C o p y

county the amount of property tax credits under this subdivision. Except as provided in subsection (g), the tax revenue under this section that is used to provide credits under this subdivision shall be treated for all purposes as property tax levies.

The county council may before October 1 of a year adopt an ordinance changing the purposes for which tax revenue attributable to a tax rate under this section shall be used in the following year.

(g) The tax rate under this section and the tax revenue attributable to the tax rate under this section shall not be considered for purposes of computing:

(1) the maximum income tax rate that may be imposed in a county under section 2 of this chapter or any other provision of this chapter;

(2) the maximum permissible property tax levy under STEP EIGHT of IC 6-1.1-18.5-3(b);

(3) before January 1, 2009, the total county tax levy under IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5) (before the repeal of those provisions); or

(4) the credit under IC 6-1.1-20.6.

(h) Tax revenue under this section shall be treated as a part of the receiving civil taxing unit's or school corporation's property tax levy for that year for purposes of fixing the budget of the civil taxing unit or school corporation and for determining the distribution of taxes that are distributed on the basis of property tax levies.

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

(j) A taxpayer that owns an industrial plant located in Jasper County is ineligible for a local property tax replacement credit under this section against the property taxes due on the industrial plant if the assessed value of the industrial plant as of March 1, 2006, exceeds twenty percent (20%) of the total assessed value of all taxable property in the county on that date. The general assembly finds that the provisions of this subsection are necessary because the industrial plant represents such a large percentage of Jasper County's assessed valuation.

SECTION 72. IC 6-3.5-6-1, AS AMENDED BY P.L.146-2008, SECTION 335, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 1. As used in this chapter:

"Adjusted gross income" has the same definition that the term is given in IC 6-3-1-3.5. However, in the case of a county taxpayer who is not treated as a resident county taxpayer of a county, the term

C o p y

includes only adjusted gross income derived from the taxpayer's principal place of business or employment.

"Apartment complex" means real property consisting of at least five (5) units that are regularly used to rent or otherwise furnish residential accommodations for periods of at least thirty (30) days.

"Civil taxing unit" means any entity, except a school corporation, that has the power to impose ad valorem property taxes. The term does not include a solid waste management district that is not entitled to a distribution under section 1.3 of this chapter. However, in the case of a county in which a consolidated city is located, the consolidated city, the county, all special taxing districts, special service districts, included towns (as defined in IC 36-3-1-7), and all other political subdivisions except townships, excluded cities (as defined in IC 36-3-1-7), and school corporations shall be deemed to comprise one (1) civil taxing unit whose fiscal body is the fiscal body of the consolidated city.

"County income tax council" means a council established by section 2 of this chapter.

"County taxpayer", as it relates to a particular county, means any individual:

(1) who resides in that county on the date specified in section 20 of this chapter; or

(2) who maintains the taxpayer's principal place of business or employment in that county on the date specified in section 20 of this chapter and who does not reside on that same date in another county in which the county option income tax, the county adjusted income tax, or the county economic development income tax is in effect.

"Department" refers to the Indiana department of state revenue.

"Fiscal body" has the same definition that the term is given in IC 36-1-2-6.

~~"Homestead" has the meaning set forth in IC 6-1.1-12-37.~~

"Qualified residential property" refers to ~~any~~ **either** of the following:

(1) An apartment complex.

~~(2) A homestead.~~

~~(3)~~ **(2)** Residential rental property.

"Resident county taxpayer", as it relates to a particular county, means any county taxpayer who resides in that county on the date specified in section 20 of this chapter.

"Residential rental property" means real property consisting of not more than four (4) units that are regularly used to rent or otherwise furnish residential accommodations for periods of at least thirty (30)

C o p y

days.

"School corporation" has the same definition that the term is given in IC 6-1.1-1-16.

SECTION 73. IC 6-3.5-6-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 2. (a) A county income tax council is established for each county in Indiana. The membership of each county's county income tax council consists of the fiscal body of the county and the fiscal body of each city or town that lies either partially or entirely within that county.

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

(1) impose the county option income tax in its county;

(2) subject to section 12 of this chapter, rescind the county option income tax in its county;

(3) increase the county option income tax rate for the county;

(4) freeze the county option income tax rate for its county; **or**

~~(5) increase the homestead credit in its county; or~~

~~(6)~~ **(5)** subject to section 12.5 of this chapter, decrease the county option income tax rate for the county.

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

SECTION 74. IC 6-3.5-6-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 6. (a) A county income tax council may pass only one (1) ordinance described in section 2(b)(1), 2(b)(2), 2(b)(3), 2(b)(4), or ~~2(b)(6)~~ **2(b)(5)** of this chapter in one (1) year. Once an ordinance described in section 2(b)(1), 2(b)(2), 2(b)(3), 2(b)(4), or ~~2(b)(6)~~ **2(b)(5)** of this chapter has been passed, the auditor of the county shall:

(1) cease distributing proposed ordinances of those types for the rest of the year; and

(2) withdraw from the membership any other of those types of proposed ordinances.

Any votes subsequently received by the auditor of the county on proposed ordinances of those types during that same year are void.

(b) The county income tax council may not vote on, nor may the auditor of the county distribute to the members of the county income tax council, any proposed ordinance during a year, if previously during that same year the auditor of the county received and distributed to the members of the county income tax council a proposed ordinance whose passage would have substantially the same effect.

SECTION 75. IC 6-3.5-6-18, AS AMENDED BY P.L.182-2009(ss),

C o p y

SECTION 222, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 18. (a) The revenue a county auditor receives under this chapter shall be used to:

~~(1) replace the amount, if any, of property tax revenue lost due to the allowance of an increased homestead credit within the county;~~

~~(2)~~ **(1)** fund the operation of a public communications system and computer facilities district as provided in an election, if any, made by the county fiscal body under IC 36-8-15-19(b);

~~(3)~~ **(2)** fund the operation of a public transportation corporation as provided in an election, if any, made by the county fiscal body under IC 36-9-4-42;

~~(4)~~ **(3)** make payments permitted under IC 36-7-14-25.5 or IC 36-7-15.1-17.5;

~~(5)~~ **(4)** make payments permitted under subsection ~~(i);~~ **(h);**

~~(6)~~ **(5)** make distributions of distributive shares to the civil taxing units of a county; and

~~(7)~~ **(6)** make the distributions permitted under sections 27, 28, 29, 30, 31, 32, and 33 of this chapter.

~~(b) The county auditor shall retain from the payments of the county's certified distribution, an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. This money shall be distributed to the civil taxing units and school corporations of the county as though they were property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to the allowance of an increased homestead credit.~~

~~(c)~~ **(b)** The county auditor shall retain:

(1) the amount, if any, specified by the county fiscal body for a particular calendar year under subsection ~~(i),~~ **(h),** IC 36-7-14-25.5, IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the county's certified distribution for that same calendar year; and

(2) the amount of an additional tax rate imposed under section 27, 28, 29, 30, 31, 32, or 33 of this chapter.

The county auditor shall distribute amounts retained under this subsection to the county.

~~(d)~~ **(c)** All certified distribution revenues that are not retained and distributed under ~~subsections (b) and (c)~~ **subsection (b)** shall be distributed to the civil taxing units of the county as distributive shares.

~~(e)~~ **(d)** The amount of distributive shares that each civil taxing unit in a county is entitled to receive during a month equals the product of the following:

(1) The amount of revenue that is to be distributed as distributive

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shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the allocation amount for the civil taxing unit for the calendar year in which the month falls. The denominator of the fraction equals the sum of the allocation amounts of all the civil taxing units of the county for the calendar year in which the month falls.

~~(f)~~ **(e)** The department of local government finance shall provide each county auditor with the fractional amount of distributive shares that each civil taxing unit in the auditor's county is entitled to receive monthly under this section.

~~(g)~~ **(f)** Notwithstanding subsection ~~(c),~~ **(d),** if a civil taxing unit of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which distributive shares are being distributed under this section, that civil taxing unit is entitled to receive a part of the revenue to be distributed as distributive shares under this section within the county. The fractional amount such a civil taxing unit is entitled to receive each month during that calendar year equals the product of the following:

(1) The amount to be distributed as distributive shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the budget of that civil taxing unit for that calendar year. The denominator of the fraction equals the aggregate budgets of all civil taxing units of that county for that calendar year.

~~(h)~~ **(g)** If for a calendar year a civil taxing unit is allocated a part of a county's distributive shares by subsection ~~(g),~~ **(f),** then the formula used in subsection ~~(c)~~ **(d)** to determine all other civil taxing units' distributive shares shall be changed each month for that same year by reducing the amount to be distributed as distributive shares under subsection ~~(c)~~ **(d)** by the amount of distributive shares allocated under subsection ~~(g)~~ **(f)** for that same month. The department of local government finance shall make any adjustments required by this subsection and provide them to the appropriate county auditors.

~~(i)~~ **(h)** Notwithstanding any other law, a county fiscal body may pledge revenues received under this chapter (other than revenues attributable to a tax rate imposed under section 30, 31, or 32 of this chapter) to the payment of bonds or lease rentals to finance a qualified economic development tax project under IC 36-7-27 in that county or in any other county if the county fiscal body determines that the project will promote significant opportunities for the gainful employment or retention of employment of the county's residents.

SECTION 76. IC 6-3.5-6-18.5, AS AMENDED BY P.L.146-2008,

C o p y

SECTION 339, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 18.5. (a) This section applies to a county containing a consolidated city.

(b) Notwithstanding section ~~18(c)~~ **18(d)** of this chapter, the distributive shares that each civil taxing unit in a county containing a consolidated city is entitled to receive during a month equals the following:

(1) For the calendar year beginning January 1, 1995, calculate the total amount of revenues that are to be distributed as distributive shares during that month multiplied by the following factor:

Center Township	.0251
Decatur Township	.00217
Franklin Township	.0023
Lawrence Township	.01177
Perry Township	.01130
Pike Township	.01865
Warren Township	.01359
Washington Township	.01346
Wayne Township	.01307
Lawrence-City	.00858
Beech Grove	.00845
Southport	.00025
Speedway	.00722
Indianapolis/Marion County	.86409

(2) Notwithstanding subdivision (1), for the calendar year beginning January 1, 1995, the distributive shares for each civil taxing unit in a county containing a consolidated city shall be not less than the following:

Center Township	$1,898,145
Decatur Township	$164,103
Franklin Township	$173,934
Lawrence Township	$890,086
Perry Township	$854,544
Pike Township	$1,410,375
Warren Township	$1,027,721
Washington Township	$1,017,890
Wayne Township	$988,397
Lawrence-City	$648,848
Beech Grove	$639,017
Southport	$18,906
Speedway	$546,000

(3) For each year after 1995, calculate the total amount of

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revenues that are to be distributed as distributive shares during that month as follows:

STEP ONE: Determine the total amount of revenues that were distributed as distributive shares during that month in calendar year 1995.

STEP TWO: Determine the total amount of revenue that the department has certified as distributive shares for that month under section 17 of this chapter for the calendar year.

STEP THREE: Subtract the STEP ONE result from the STEP TWO result.

STEP FOUR: If the STEP THREE result is less than or equal to zero (0), multiply the STEP TWO result by the ratio established under subdivision (1).

STEP FIVE: Determine the ratio of:

(A) the maximum permissible property tax levy under IC 6-1.1-18.5 for each civil taxing unit for the calendar year in which the month falls, plus, for a county, the welfare allocation amount; divided by

(B) the sum of the maximum permissible property tax levies under IC 6-1.1-18.5 for all civil taxing units of the county during the calendar year in which the month falls, and an amount equal to the welfare allocation amount.

STEP SIX: If the STEP THREE result is greater than zero (0), the STEP ONE amount shall be distributed by multiplying the STEP ONE amount by the ratio established under subdivision (1).

STEP SEVEN: For each taxing unit determine the STEP FIVE ratio multiplied by the STEP TWO amount.

STEP EIGHT: For each civil taxing unit determine the difference between the STEP SEVEN amount minus the product of the STEP ONE amount multiplied by the ratio established under subdivision (1). The STEP THREE excess shall be distributed as provided in STEP NINE only to the civil taxing units that have a STEP EIGHT difference greater than or equal to zero (0).

STEP NINE: For the civil taxing units qualifying for a distribution under STEP EIGHT, each civil taxing unit's share equals the STEP THREE excess multiplied by the ratio of:

(A) the maximum permissible property tax levy under IC 6-1.1-18.5 for the qualifying civil taxing unit during the calendar year in which the month falls, plus, for a county, an amount equal to the welfare allocation amount; divided by

C o p y

(B) the sum of the maximum permissible property tax levies under IC 6-1.1-18.5 for all qualifying civil taxing units of the county during the calendar year in which the month falls, and an amount equal to the welfare allocation amount.

(c) 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 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, children with special health care needs county fund, plus, in the case of Marion County, thirty-five million dollars ($35,000,000).

SECTION 77. IC 6-3.5-6-19, AS AMENDED BY P.L.118-2005, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 19. (a) Except as provided in sections ~~18(c)~~ **18(d)** and 18.5(b)(3) of this chapter, in determining the fractional share of distributive shares the civil taxing units of a county are entitled to receive under section 18 of this chapter during a calendar year, the department of local government finance shall consider only property taxes imposed on tangible property subject to assessment in that county.

(b) In determining the amount of distributive shares a civil taxing unit is entitled to receive under section ~~18(g)~~ **18(f)** of this chapter, the department of local government finance shall consider only the percentage of the civil taxing unit's budget that equals the ratio that the total assessed valuation that lies within the civil taxing unit and the county that has adopted the county option tax bears to the total assessed valuation that lies within the civil taxing unit.

(c) The distributive shares to be allocated and distributed under this chapter:

(1) shall be treated by each civil taxing unit as additional revenue for the purpose of fixing the civil taxing unit's budget for the budget year during which the distributive shares are to be distributed to the civil taxing unit; and

(2) may be used for any lawful purpose of the civil taxing unit.

(d) In the case of a civil taxing unit that includes a consolidated city, its fiscal body may distribute any revenue it receives under this chapter to any governmental entity located in its county except an excluded city, a township, or a school corporation.

SECTION 78. IC 6-3.5-6-30, AS AMENDED BY P.L.146-2008, SECTION 341, IS AMENDED TO READ AS FOLLOWS

C o p y

[EFFECTIVE JANUARY 1, 2012]: Sec. 30. (a) In a county in which the county option income tax is in effect, the county income tax council may, before August 1 of a year, adopt an ordinance to impose or increase (as applicable) a tax rate under this section.

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

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

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

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

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

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

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

(B) the following:

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

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

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

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

C o p y

due and payable in the calendar year after the ensuing calendar year.

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

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

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

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

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

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

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

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

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

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

(1) the quotient of:

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

(B) the STEP ONE amount; multiplied by

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

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

(1) the quotient of:

(A) the amount determined under STEP TWO of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

C o p y

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

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

(1) the quotient of:

(A) the amount determined under STEP THREE of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

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

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

(1) the quotient of:

(A) the amount determined under STEP FOUR of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

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

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

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

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

(1) the maximum income tax rate that may be imposed in a county under section 8 or 9 of this chapter or any other provision of this chapter; or

(2) the maximum permissible property tax levy under STEP EIGHT of IC 6-1.1-18.5-3(b).

(j) The tax levy under this section shall not be considered for purposes of computing the total county tax levy under IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5) (before the repeal of those provisions) or for purposes of the credit under IC 6-1.1-20.6.

(k) A distribution under this section shall be treated as a part of the

C o p y

receiving civil taxing unit's property tax levy for that year for purposes of fixing its budget and for determining the distribution of taxes that are distributed on the basis of property tax levies.

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

~~(m)~~ **(l)** In the year following the year in which a county first imposes a tax rate under this section:

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

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

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

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

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

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

However, subdivision (2) does not apply to the year following the first year in which certified distributions of revenue attributable to the tax rate under this section are distributed to the county.

C o p y

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

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

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

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

SECTION 79. IC 6-3.5-6-32, AS AMENDED BY P.L.113-2010, SECTION 65, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 32. (a) A county income tax council may impose a tax rate under this section to provide property tax ~~relief~~ **replacement revenue** to taxpayers in the county. A county income tax council is not required to impose any other tax before imposing a tax rate under this section.

(b) A tax rate under this section may be imposed in increments of five-hundredths of one percent (0.05%) determined by the county income tax council. A tax rate under this section may not exceed one percent (1%).

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

(d) If a county income tax council adopts an ordinance to impose or increase a tax rate under this section, the county auditor shall send a certified copy of the ordinance to the department and the department of local government finance by certified mail.

(e) A tax rate under this section may be imposed, increased, decreased, or rescinded at the same time and in the same manner that the county income tax council may impose or increase a tax rate under section 30 of this chapter.

(f) Tax revenue attributable to a tax rate under this section may be used for any combination of the following purposes, as specified by ordinance of the county income tax council:

(1) The tax revenue may be used to provide local property tax replacement credits at a uniform rate to all taxpayers in the county. The local property tax replacement credits shall be treated for all purposes as property tax levies. The county auditor shall determine the local property tax replacement credit percentage for

C o p y

a particular year based on the amount of tax revenue that will be used under this subdivision to provide local property tax replacement credits in that year. A county income tax council may not adopt an ordinance determining that tax revenue shall be used under this subdivision to provide local property tax replacement credits at a uniform rate to all taxpayers in the county unless the county council has done the following:

(A) Made available to the public the county council's best estimate of the amount of property tax replacement credits to be provided under this subdivision to ~~homesteads, other~~ **qualified** residential property, commercial property, industrial property, and agricultural property.

(B) Adopted a resolution or other statement acknowledging that some taxpayers in the county that do not pay the tax rate under this section will receive a property tax replacement credit that is funded with tax revenue from the tax rate under this section.

~~(2) The tax revenue may be used to uniformly increase (before January 1, 2011) or uniformly provide (after December 31, 2010) the homestead credit percentage in the county. The homestead credits shall be treated for all purposes as property tax levies. The homestead credits do not reduce the basis for determining any state homestead credit. The homestead credits shall be applied to the net property taxes due on the homestead after the application of all other assessed value deductions or property tax deductions and credits that apply to the amount owed under IC 6-1.1. The county auditor shall determine the homestead credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide homestead credits in that year.~~

~~(3)~~ **(2)** The tax revenue may be used to provide local property tax replacement credits at a uniform rate for all qualified residential property (as defined in IC 6-1.1-20.6-4 before January 1, 2009, and as defined in section 1 of this chapter after December 31, 2008) in the county. The local property tax replacement credits shall be treated for all purposes as property tax levies. The county auditor shall determine the local property tax replacement credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide local property tax replacement credits in that year.

~~(4)~~ **(3)** This subdivision applies only to Lake County. The Lake County council may adopt an ordinance providing that the tax

C o p y

revenue from the tax rate under this section is used for any of the following:

(A) To reduce all property tax levies imposed by the county by the granting of property tax replacement credits against those property tax levies.

(B) To provide local property tax replacement credits in Lake County in the following manner:

(i) The tax revenue under this section that is collected from taxpayers within a particular municipality in Lake County (as determined by the department based on the department's best estimate) shall be used only to provide a local property tax credit against property taxes imposed by that municipality.

(ii) The tax revenue under this section that is collected from taxpayers within the unincorporated area of Lake County (as determined by the department) shall be used only to provide a local property tax credit against property taxes imposed by the county. The local property tax credit for the unincorporated area of Lake County shall be available only to those taxpayers within the unincorporated area of the county.

(C) To provide property tax credits in the following manner:

(i) Sixty percent (60%) of the tax revenue under this section shall be used as provided in clause (B).

(ii) Forty percent (40%) of the tax revenue under this section shall be used to provide property tax replacement credits against property tax levies of the county and each township and municipality in the county. The percentage of the tax revenue distributed under this item that shall be used as credits against the county's levies or against a particular township's or municipality's levies is equal to the percentage determined by dividing the population of the county, township, or municipality by the sum of the total population of the county, each township in the county, and each municipality in the county.

The Lake County council shall determine whether the credits under clause (A), (B), or (C) shall be provided ~~to homesteads,~~ to all qualified residential property, or to all taxpayers. The department of local government finance, with the assistance of the budget agency, shall certify to the county auditor and the fiscal body of the county and each township and municipality in the county the amount of property tax credits under this subdivision.

C o p y

Except as provided in subsection (g), the tax revenue under this section that is used to provide credits under this subdivision shall be treated for all purposes as property tax levies.

The county income tax council may adopt an ordinance changing the purposes for which tax revenue attributable to a tax rate under this section shall be used in the following year.

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

(1) the maximum income tax rate that may be imposed in a county under section 8 or 9 of this chapter or any other provision of this chapter;

(2) the maximum permissible property tax levy under STEP EIGHT of IC 6-1.1-18.5-3(b); or

(3) the credit under IC 6-1.1-20.6.

(h) Tax revenue under this section shall be treated as a part of the receiving civil taxing unit's or school corporation's property tax levy for that year for purposes of fixing the budget of the civil taxing unit or school corporation and for determining the distribution of taxes that are distributed on the basis of property tax levies. To the extent the county auditor determines that there is income tax revenue remaining from the tax under this section after providing the property tax replacement, the excess shall be credited to a dedicated county account and may be used only for property tax replacement under this section in subsequent years.

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

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

SECTION 80. IC 6-3.5-7-5, AS AMENDED BY P.L.146-2008, SECTION 344, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 5. (a) Except as provided in subsection (c), the county economic development income tax may be imposed on the adjusted gross income of county taxpayers. The entity that may impose the tax is:

(1) the county income tax council (as defined in IC 6-3.5-6-1) if the county option income tax is in effect on March 31 of the year the county economic development income tax is imposed;

(2) the county council if the county adjusted gross income tax is in effect on March 31 of the year the county economic development tax is imposed; or

C o p y

(3) the county income tax council or the county council, whichever acts first, for a county not covered by subdivision (1) or (2).

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

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

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

on the adjusted gross income of county taxpayers.

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

(d) To impose, increase, decrease, or rescind the county economic development income tax, the appropriate body must, after March 31 but before August 1 of a year, adopt an ordinance. The ordinance to impose the tax must substantially state the following:

"The _____ County _____ imposes the county economic development income tax on the county taxpayers of _____ County. The county economic development income tax is imposed at a rate of _____ percent (____%) on the county taxpayers of the county. This tax takes effect October 1 of this year.".

(e) Any ordinance adopted under this chapter takes effect October 1 of the year the ordinance is adopted.

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this chapter and shall, not more than ten (10) days after the vote, send a certified copy of the results to the commissioner of the department by certified mail.

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

C o p y

than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000). Except as provided in subsection (p), in addition to the rates permitted by subsection (b), the:

(1) county economic development income tax may be imposed at a rate of:

(A) fifteen-hundredths percent (0.15%);

(B) two-tenths percent (0.2%); or

(C) twenty-five hundredths percent (0.25%); and

(2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%);

if the county income tax council makes a determination to impose rates under this subsection and section 22 of this chapter.

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

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

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

(k) This subsection applies to a county having a population of more than twenty-seven thousand four hundred (27,400) but less than twenty-seven thousand five hundred (27,500). Except as provided in subsection (p), in addition to the rates permitted under subsection (b):

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

(2) the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent

C o p y

(1.5%);

if the county council makes a determination to impose rates under this subsection and section 22.5 of this chapter.

(l) For a county having a population of more than twenty-nine thousand (29,000) but less than thirty thousand (30,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(m) For:

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

(2) a county having a population of more than forty-five thousand (45,000) but less than forty-five thousand nine hundred (45,900);

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

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

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

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

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

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

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

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

(p) In addition:

(1) the county economic development income tax may be imposed

C o p y

at a rate that exceeds by not more than twenty-five hundredths percent (0.25%) the maximum rate that would otherwise apply under this section; and

(2) the:

(A) county economic development income tax; and

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

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

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

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

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

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

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

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

(2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%);

if the county council makes a determination to impose rates under this subsection and section 27 of this chapter.

(s) Except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and

C o p y

five-tenths percent (1.5%) if the county has imposed the county adjusted gross income tax under IC 6-3.5-1.1-3.3.

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

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

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

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

(1) the county economic development income tax rate plus the county adjusted gross income tax rate; or

(2) the county economic development tax rate plus the county option income tax rate.

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

(1) a county adjusted gross income tax rate imposed under IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26; or

(2) a county option income tax rate imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.

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

(y) This subsection applies to Monroe County. Except as provided in subsection (p), if an ordinance is adopted under IC 6-3.5-6-33, the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year

C o p y

may not exceed one and twenty-five hundredths percent (1.25%).

SECTION 81. IC 6-3.5-7-11, AS AMENDED BY P.L.113-2010, SECTION 67, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 11. (a) Revenue derived from the imposition of the county economic development income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it.

(b) Before August 2 of each calendar year, the budget agency, shall certify to the county auditor of each adopting county the sum of the amount of county economic development income tax revenue that the budget agency determines has been:

(1) received from that county for a taxable year ending before the calendar year in which the determination is made; and

(2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

as adjusted for refunds of county economic development income tax made in the state fiscal year plus the amount of interest in the county's account that has been accrued and has not been included in a certification made in a preceding year. The amount certified is the county's certified distribution, which shall be distributed on the dates specified in section 16 of this chapter for the following calendar year.

(c) The amount certified under subsection (b) shall be adjusted under subsections (d), (e), (f), **and** (g). ~~and (h).~~ The budget agency shall provide the county council with an informative summary of the calculations used to determine the certified distribution. The summary of calculations must include:

(1) the amount reported on individual income tax returns processed by the department during the previous fiscal year;

(2) adjustments for over distributions in prior years;

(3) adjustments for clerical or mathematical errors in prior years;

(4) adjustments for tax rate changes; and

(5) the amount of excess account balances to be distributed under ~~IC 6-3.5-7-17.3.~~ **section 17.3 of this chapter.**

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

(e) The budget agency shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any

C o p y

previous certification under this section. The budget agency may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(f) The budget agency shall adjust the certified distribution of a county to provide the county with the distribution required under section 16(b) of this chapter.

~~(g) The budget agency shall adjust the certified distribution of a county to provide the county with the amount of any tax increase imposed under section 25 or 26 of this chapter to provide additional homestead credits as provided in those provisions.~~

~~(h)~~ **(g)** This subsection applies to a county that imposes, increases, decreases, or rescinds a tax or tax rate under this chapter before November 1 in the same calendar year in which the budget agency makes a certification under this section. The budget agency shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The budget agency shall provide for a full transition to certification of distributions as provided in subsection (b)(1) through (b)(2) in the manner provided in subsection (d). If the county imposes, increases, decreases, or rescinds a tax or tax rate under this chapter after the date for which a certification under subsection (b) is based, the budget agency shall adjust the certified distribution of the county after August 1 of the calendar year. The adjustment shall reflect any other adjustment authorized under subsections (c), (d), (e), **and** (f). ~~and (g).~~ The adjusted certification shall be treated as the county's certified distribution for the immediately succeeding calendar year. The budget agency shall certify the adjusted certified distribution to the county auditor for the county and provide the county council with an informative summary of the calculations that revises the informative summary provided in subsection (c) and reflects the changes made in the adjustment.

SECTION 82. IC 6-3.5-7-12, AS AMENDED BY P.L.182-2009(ss), SECTION 229, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: 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~~ **section** 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

C o p y

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 1 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:

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

(2) Except as provided in ~~sections 25 and~~ **section** 26 of this chapter, the amount of the certified distribution that the county and each city and town in the county is entitled to receive during May and November of each year equals the product of:

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

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

C o p y

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

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

(1) The county.

(2) A city or town in the county.

(3) A commission, a board, a department, or an authority that is authorized by statute to pledge the county economic development income tax.

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

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

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

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

SECTION 83. IC 6-3.5-7-13.1, AS AMENDED BY P.L.182-2009(ss), SECTION 227, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 13.1. (a) The fiscal officer of each county, city, or town for a county in which the county economic development tax is imposed shall establish an economic development income tax fund. Except as provided in sections 23, ~~25,~~ 26, and 27 of this chapter, the revenue received by a county, city, or town under this chapter shall be deposited in the unit's economic development income tax fund.

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

(1) By a county, city, or town for economic development projects, for paying, notwithstanding any other law, under a written

C o p y

agreement all or a part of the interest owed by a private developer or user on a loan extended by a financial institution or other lender to the developer or user if the proceeds of the loan are or are to be used to finance an economic development project, for the retirement of bonds under section 14 of this chapter for economic development projects, for leases under section 21 of this chapter, or for leases or bonds entered into or issued prior to the date the economic development income tax was imposed if the purpose of the lease or bonds would have qualified as a purpose under this chapter at the time the lease was entered into or the bonds were issued.

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

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

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

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

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

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

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

(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

C o p y

three million five hundred thousand dollars ($3,500,000) of the tax revenue that results each year from the tax rate increase shall be paid by the county treasurer to the treasurer of the northwest Indiana regional development authority under IC 36-7.5-4-2 before certified distributions are made to the county or any cities or towns in the county under this chapter from the tax revenue that results each year from the tax rate increase. If a county having a population of more than one hundred forty-five thousand (145,000) but less than one hundred forty-eight thousand (148,000) ceases to be a member of the northwest Indiana regional development authority under IC 36-7.5 but two (2) or more municipalities in the county have become members of the northwest Indiana regional development authority as authorized by IC 36-7.5-2-3(i), the county treasurer shall continue to transfer the three million five hundred thousand dollars ($3,500,000) to the treasurer of the northwest Indiana regional development authority under IC 36-7.5-4-2 before certified distributions are made to the county or any cities or towns in the county. ~~In a county having a population of more than one hundred forty-five thousand (145,000) but less than one hundred forty-eight thousand (148,000), all of the tax revenue that results each year from the tax rate increase that is in excess of the first three million five hundred thousand dollars ($3,500,000) that results each year from the tax rate increase must be used by the county and cities and towns in the county for homestead credits under subdivision (5).~~

~~(5) This subdivision applies only in a county having a population of more than one hundred forty-five thousand (145,000) but less than one hundred forty-eight thousand (148,000). All of the tax revenue that results each year from a tax rate increase described in subdivision (4) that is in excess of the first three million five 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~~

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~~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 ordinance is adopted.~~

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

C o p y

~~(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)~~ **(5)** 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)~~ **(6)** This subdivision applies only to a county:

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

(B) in which:

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

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

Revenue from the county economic development income tax may be used by a county or a city described in this subdivision for making transfers required by IC 36-7.5-4-2. In addition, if the county economic development income tax rate is increased after June 30, 2006, in the county, the first three million five hundred thousand dollars ($3,500,000) of the tax revenue that results each year from the tax rate increase shall be used by the county only to make the county's transfer required by IC 36-7.5-4-2. The first three million five hundred thousand dollars ($3,500,000) of the tax revenue that results each year from the tax rate increase shall be paid by the county treasurer to the treasurer of the northwest Indiana regional development authority under IC 36-7.5-4-2 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. ~~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 (9).~~

~~(9) This subdivision applies only to a county described in subdivision (8). All of the tax revenue that results each year from a tax rate increase described in subdivision (8) that is in excess of~~

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~~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.~~

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

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

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

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

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

(2) involves an expenditure for:

(A) the acquisition of land;

(B) interests in land;

(C) site improvements;

(D) infrastructure improvements;

(E) buildings;

(F) structures;

(G) rehabilitation, renovation, and enlargement of buildings and structures;

(H) machinery;

(I) equipment;

(J) furnishings;

(K) facilities;

(L) administrative expenses associated with such a project, including contract payments authorized under subsection

C o p y

(b)(2)(D);

(M) operating expenses authorized under subsection (b)(2)(E); or

(N) to the extent not otherwise allowed under this chapter, substance removal or remedial action in a designated unit;

or any combination of these.

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

SECTION 84. IC 6-3.5-7-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 15. (a) The executive of a county, city, or town may, subject to the use of the certified distribution permitted under ~~sections 25 and~~ **section** 26 of this chapter:

(1) adopt a capital improvement plan specifying the uses of the revenues to be received under this chapter; or

(2) designate the county or a city or town in the county as the recipient of all or a part of its share of the distribution.

(b) If a designation is made under subsection (a)(2), the county treasurer shall transfer the share or part of the share to the designated unit unless that unit does not have a capital improvement plan.

(c) A county, city, or town that fails to adopt a capital improvement plan may not receive:

(1) its fractional amount of the certified distribution; or

(2) any amount designated under subsection (a)(2);

for the year or years in which the unit does not have a plan. The county treasurer shall retain the certified distribution and any designated distribution for such a unit in a separate account until the unit adopts a plan. Interest on the separate account becomes part of the account. If a unit fails to adopt a plan for a period of three (3) years, then the balance in the separate account shall be distributed to the other units in the county based on property taxes first due and payable to the units during the calendar year in which the three (3) year period expires.

(d) A capital improvement plan must include the following components:

(1) Identification and general description of each project that would be funded by the county economic development income tax.

(2) The estimated total cost of the project.

C o p y

(3) Identification of all sources of funds expected to be used for each project.

(4) The planning, development, and construction schedule of each project.

(e) A capital improvement plan:

(1) must encompass a period of no less than two (2) years; and

(2) must incorporate projects the cost of which is at least seventy-five percent (75%) of the fractional amount certified distribution expected to be received by the county, city, or town in that period of time.

(f) In making a designation under subsection (a)(2), the executive must specify the purpose and duration of the designation. If the designation is made to provide for the payment of lease rentals or bond payments, the executive may specify that the designation and its duration are irrevocable.

SECTION 85. IC 6-3.5-7-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 16. (a) Except as provided in ~~subsections~~ **subsection** (b), ~~and (c),~~ on May 1 of each year, one-half (1/2) of each county's certified distribution for a calendar year shall be distributed from its account established under section 10 of this chapter to the county treasurer. The other one-half (1/2) shall be distributed on November 1 of that calendar year.

(b) This subsection applies to 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). Notwithstanding section 11 of this chapter, the initial certified distribution certified for a county under section 11 of this chapter shall be distributed to the county treasurer from the account established for the county under section 10 of this chapter according to the following schedule during the eighteen (18) month period beginning on July 1 of the year in which the county initially adopts an ordinance under section 2 of this chapter:

(1) One-fourth (1/4) on October 1 of the year in which the ordinance was adopted.

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

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

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

The county auditor and county treasurer shall distribute amounts received under this subsection to a county and each city or town in the county in the same proportions as are set forth in section 12 of this

C o p y

chapter. Certified distributions made to the county treasurer for calendar years following the eighteen (18) month period described in this subsection shall be made as provided in subsection (a).

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

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

SECTION 86. IC 6-3.5-7-26, AS AMENDED BY P.L.146-2008, SECTION 350, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 26. (a) This section applies only to ~~homestead and~~ property tax replacement credits for property taxes first due and payable after calendar year 2006.

(b) The following definitions apply throughout this section:

(1) "Adopt" includes amend.

(2) "Adopting entity" means

~~(A) the entity that adopts an ordinance under IC 6-1.1-12-41(f); or~~

~~(B) any other~~ **any** entity that may impose a county economic development income tax under section 5 of this chapter.

~~(3) "Homestead" refers to tangible property that is eligible for a homestead credit under IC 6-1.1-20.9 or the standard deduction under IC 6-1.1-12-37.~~

~~(4)~~ **(3)** "Residential **property"** refers to ~~the following:~~

~~(A) Real property, a mobile home, and industrialized housing that would qualify as a homestead if the taxpayer had filed for a homestead credit under IC 6-1.1-20.9 or the standard deduction under IC 6-1.1-12-37.~~

~~(B)~~ real property ~~not described in clause (A)~~ **that is not a homestead (as defined in IC 6-1.1-10.2-1) and that is** designed to provide units that are regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more, regardless of whether the tangible property is subject to assessment under rules of the department of local government finance that apply to:

~~(i)~~ **(A)** residential property; or

~~(ii)~~ **(B)** commercial property.

(c) An adopting entity may adopt an ordinance to provide for the use of the certified distribution described in section 16(c) of this chapter **(as that provision was in effect before January 1, 2012)** for the

C o p y

purpose provided in subsection (e). An adopting entity that adopts an ordinance under this subsection shall use the procedures set forth in IC 6-3.5-6 concerning the adoption of an ordinance for the imposition of the county option income tax. An ordinance must be adopted under this subsection after January 1, 2006, and before June 1, 2006, or, in a year following 2006, after March 31 but before August 1 of a calendar year. The ordinance may provide for an additional rate under section 5(p) of this chapter. An ordinance adopted under this subsection:

(1) first applies to the certified distribution described in section 16(c) of this chapter **(as that provision was in effect before January 1, 2012)** made in the later of the calendar year that immediately succeeds the calendar year in which the ordinance is adopted or calendar year 2007; and

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

~~(A) Uniformly applied homestead credits as provided in subsection (f).~~

~~(B)~~ **(A)** Uniformly applied residential credits as provided in subsection ~~(g).~~ **(f).**

~~(C) Allocated homestead credits as provided in subsection (i).~~

~~(D)~~ **(B)** Allocated residential credits as provided in subsection ~~(j).~~ **(h).**

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

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

(1) retained by the county auditor under subsection ~~(k),~~ **(i);** and

(2) used for the purpose provided in subsection (e) instead of the purposes specified in the capital improvement plans adopted under section 15 of this chapter.

(e) If an ordinance is adopted under subsection (c), the adopting entity shall use the certified distribution described in section 16(c) of this chapter **(as that provision was in effect before January 1, 2012)** to

~~(1) increase:~~

~~(A) if the ordinance grants a credit described in subsection (c)(2)(A) or (c)(2)(C), the homestead credit allowed in the county under IC 6-1.1-20.9 for a year; or~~

~~(B) if the ordinance grants a credit described in subsection (c)(2)(B) or (c)(2)(D), the property tax replacement credit~~

C o p y

~~allowed in the county under IC 6-1.1-21-5 for a year for the residential property;~~

~~for property taxes first due and payable before January 1, 2009; or~~

~~(2)~~ provide,

~~(A) if the ordinance grants a credit described in subsection (c)(2)(A) or (c)(2)(C), a homestead credit for homesteads; or~~

~~(B)~~ if the ordinance grants a credit described in subsection **(c)(2)(A) or** (c)(2)(B), ~~or (c)(2)(D),~~ a property tax replacement credit for residential property for property taxes first due and payable after December 31, 2008,

to offset the effect on ~~homesteads or~~ residential property ~~as applicable,~~ in the county resulting from the statewide deduction for inventory under IC 6-1.1-12-42 **(before its repeal)** or from the exclusion in 2008 of inventory from the definition of personal property in IC 6-1.1-1-11. ~~The amount of a residential property tax replacement credit granted under this section may not be considered in computing the amount of any homestead credit to which the residential property may be entitled under IC 6-1.1-20.9 (before its repeal) or another law other than IC 6-1.1-20.6.~~

~~(f) If the imposing entity specifies the application of uniform homestead credits under subsection (c)(2)(A), the county auditor shall, for each calendar year in which a homestead credit percentage is authorized under this section, determine:~~

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

~~(2) the amount of uniformly applied homestead credits for the year in the county that equals the amount determined under subdivision (1); and~~

~~(3) the percentage of homestead credit under this section that equates to the amount of homestead credits determined under subdivision (2).~~

~~(g)~~ **(f)** If the imposing entity specifies the application of uniform residential credits under subsection ~~(c)(2)(B),~~ **(c)(2)(A),** the county auditor shall determine for each calendar year: ~~in which a homestead credit percentage is authorized under this section:~~

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

(2) the amount of uniformly applied residential property tax replacement credits for the year in the county that equals the

C o p y

amount determined under subdivision (1); and

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

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

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

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

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

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

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

(2) except as provided in subsection ~~(l),~~ **(j),** a percentage of residential property tax replacement credit for each taxing district in the county that allocates to the taxing district an amount of residential property tax replacement credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-42 **(repealed)** in the taxing district for the assessment date in 2006 bears to the total inventory assessed value deducted under IC 6-1.1-12-42 **(repealed)** in the county for the assessment

C o p y

date in 2006.

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

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

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

~~(l)~~ **(j)** Subject to the approval of the imposing entity, the county auditor may adjust the increased percentage of

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

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

SECTION 87. IC 6-6-5-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 5. (a) The amount of tax imposed by this chapter shall be based upon the classification of the vehicle, as provided in section 4 of this chapter, and the age of the vehicle, in accordance with the schedule set out in subsection (c) or (d).

(b) A person who owns a vehicle and who is entitled to a property tax deduction under IC 6-1.1-12-13, IC 6-1.1-12-14, **or** IC 6-1.1-12-16 ~~or IC 6-1.1-12-17.4~~ is entitled to a credit against the annual license excise tax as follows: Any remaining deduction from assessed valuation to which the person is entitled, applicable to property taxes payable in the year in which the excise tax imposed by this chapter is due, after allowance of the deduction on real estate and personal property owned by the person, shall reduce the annual excise tax in the amount of two dollars ($2) on each one hundred dollars ($100) of taxable value or major portion thereof. The county auditor shall, upon request, furnish a certified statement to the person verifying the credit allowable under this section, and the statement shall be presented to and retained by the bureau to support the credit.

(c) ~~After January 1, 1996,~~ The tax schedule is as follows:

Year of

C o p y

Manufacture	I	II	III	IV	V
1st	$12	$36	$50	$50	$66
2nd	12	30	50	50	57
3rd	12	27	42	50	50
4th	12	24	33	50	50
5th	12	18	24	48	50
6th	12	12	18	36	50
7th	12	12	12	24	42
8th	12	12	12	18	24
9th	12	12	12	12	12
10th and thereafter	12	12	12	12	12

Year of Manufacture	VI	VII	VIII	IX	X
1st	$84	$103	$123	$150	$172
2nd	74	92	110	134	149
3rd	63	77	93	115	130
4th	52	64	78	98	112
5th	50	52	64	82	96
6th	50	50	50	65	79
7th	49	50	50	52	65
8th	30	40	50	50	53
9th	18	21	34	40	50
10th and thereafter	12	12	12	12	12

Year of Manufacture	XI	XII	XIII	XIV	XV
1st	$207	$250	$300	$350	$406
2nd	179	217	260	304	353
3rd	156	189	225	265	307
4th	135	163	184	228	257
5th	115	139	150	195	210
6th	94	114	121	160	169
7th	78	94	96	132	134
8th	64	65	65	91	91
9th	50	50	50	50	50
10th and thereafter	21	26	30	36	42

Year of Manufacture	XVI	XVII
1st	$469	$532
2nd	407	461

C o p y

3rd	355	398
4th	306	347
5th	261	296
6th	214	242
7th	177	192
8th	129	129
9th	63	63
10th	49	50

and thereafter.

(d) Every vehicle shall be taxed as a vehicle in its first year of manufacture throughout the calendar year in which vehicles of that make and model are first offered for sale in Indiana, except that a vehicle of a make and model first offered for sale in Indiana after August 1 of any year shall continue to be taxed as a vehicle in its first year of manufacture until the end of the calendar year following the year in which it is first offered for sale. Thereafter, the vehicle shall be considered to have aged one (1) year as of January 1 of each year.

SECTION 88. IC 6-6-5.1-13, AS ADDED BY P.L.131-2008, SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 13. (a) Subject to any reductions permitted under this chapter, the amount of tax imposed under this chapter on a recreational vehicle or truck camper is prescribed by the schedule set out in subsection (c). The amount of tax imposed by this chapter is determined using:

(1) the classification of the recreational vehicle or truck camper under section 12 of this chapter; and

(2) the age of the recreational vehicle or truck camper.

(b) If a person who owns a recreational vehicle or truck camper is entitled to an ad valorem property tax assessed valuation deduction under IC 6-1.1-12-13, IC 6-1.1-12-14, **or** IC 6-1.1-12-16 ~~or IC 6-1.1-12-17.4~~ in a year in which a tax is imposed by this chapter and any part of the deduction is unused after allowance of the deduction on real property and personal property owned by the person, the person is entitled to a credit that reduces the annual tax imposed by this chapter. The amount of the credit is determined by multiplying the amount of the unused deduction by two (2) and dividing the result by one hundred (100). The county auditor shall, upon request, furnish a certified statement to the person verifying the credit allowable under this subsection. The statement shall be presented to and retained by the bureau to support the credit.

(c) The tax schedule for each class of recreational vehicles and truck campers is as follows:

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Year of Manufacture	I	II	III	IV	V
1st	$15	$36	$50	$59	$103
2nd	12	31	43	51	91
3rd	12	26	35	41	75
4th	12	20	28	38	62
5th	12	15	20	34	53
6th	12	12	15	26	41
7th	12	12	12	16	32
8th	12	12	12	13	21
9th	12	12	12	12	13
10th and thereafter	12	12	12	12	12

Year of Manufacture	VI	VII	VIII
1st	$164	$241	$346
2nd	148	212	302
3rd	131	185	261
4th	110	161	223
5th	89	131	191
6th	68	108	155
7th	53	86	126
8th	36	71	97
9th	23	35	48
10th and thereafter	12	12	17

Year of Manufacture	IX	X	XI	XII
1st	$470	$667	$879	$1,045
2nd	412	572	763	907
3rd	360	507	658	782
4th	307	407	574	682
5th	253	341	489	581
6th	204	279	400	475
7th	163	224	317	377
8th	116	154	214	254
9th	55	70	104	123
10th and thereafter	25	33	46	55

Year of Manufacture	XIII	XIV	XV	XVI	XVII
1st	$1,235	$1,425	$1,615	$1,805	$2,375

C o p y

2nd	1,072	1,236	1,401	1,566	2,060
3rd	924	1,066	1,208	1,350	1,777
4th	806	929	1,053	1,177	1,549
5th	687	793	898	1,004	1,321
6th	562	648	734	821	1,080
7th	445	514	582	651	856
8th	300	346	392	439	577
9th	146	168	190	213	280
10th	64	74	84	94	123

and thereafter.

(d) Each recreational vehicle or truck camper shall be taxed as a recreational vehicle or truck camper in its first year of manufacture throughout the calendar year in which a recreational vehicle or truck camper of that make and model is first offered for sale in Indiana. However, a recreational vehicle or truck camper of a make and model first offered for sale in Indiana after August 1 of any year continues to be taxed as a recreational vehicle or truck camper in its first year of manufacture until the end of the calendar year following the year in which it is first offered for sale. Thereafter, the recreational vehicle or truck camper shall be considered to have aged one (1) year as of January 1 of each year.

SECTION 89. IC 6-8.1-8-3, AS AMENDED BY P.L.40-2008, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 3. (a) The county sheriff of a county shall attempt to levy on and collect a judgment arising from a tax warrant in that county for a period of one hundred twenty (120) days from the date the judgment lien is entered, unless the sheriff is relieved of that duty at an earlier time by the department. The sheriff's authority to collect the warrant exists only while the sheriff holds the tax warrant, and if the sheriff surrenders the warrant to the department for any reason, the sheriff's authority to collect that tax warrant ceases. During the period that the sheriff has the duty to collect a tax warrant, the sheriff shall collect from the person owing the tax, an amount equal to the amount of the judgment lien plus the accrued interest to the date of the payment. Subject to subsection (b), the sheriff shall make the collection by garnisheeing the person's wages and by levying on and selling any interest in property or rights in any chose in action that the person has in the county. **However, a lien may not be imposed after December 31, 2011, on property that is a homestead exempt from property taxes under IC 6-1.1-10.2.** The **other** Indiana laws which provide relief for debtors by exempting certain property from levy by creditors do not apply to levy and sale proceedings for judgments arising from

C o p y

tax warrants.

(b) A sheriff shall sell property to satisfy a tax warrant in a manner that is reasonably likely to bring the highest net proceeds from the sale after deducting the expenses of the offer to sell and sale. A sheriff may engage an auctioneer to advertise a sale and to conduct a public auction, unless the person being levied files an objection with the clerk of the circuit or superior court having the tax warrant within five (5) days of the day that the sheriff informs the person of the person's right to object. The advertising conducted by the auctioneer is in addition to any other notice required by law, and shall include a detailed description of the property to be sold. When an auctioneer is engaged under this subsection and the auctioneer files a verified claim with the clerk of the circuit or superior court with whom the tax warrant is filed, the sheriff may pay the reasonable fee and reasonable expenses of the auctioneer from the gross proceeds of the sale before other expenses and the judgment arising from the tax warrant are paid. As used in this section, "auctioneer" means an auctioneer licensed under IC 25-6.1.

(c) The sheriff shall deposit all amounts that the sheriff collects under this section, including partial payments, into a special trust account for judgments collected that arose from tax warrants. On or before the fifth day of each month, the sheriff shall disburse the money in the tax warrant judgment lien trust account in the following order:

(1) The sheriff shall pay the department the part of the collections that represents taxes, interest, and penalties.

(2) The sheriff shall pay the county treasurer and the clerk of the circuit or superior court the part of the collections that represents their assessed costs.

(3) Except as provided in subdivisions (4) and (5), the sheriff shall keep the part of the collections that represents the ten percent (10%) collection fee added under section 2(b) of this chapter.

(4) If the sheriff has entered a salary contract under IC 36-2-13-2.5, the sheriff shall deposit in the county general fund the part of the collections that represents the ten percent (10%) collection fee added under section 2(b) of this chapter.

(5) If the sheriff has not entered into a salary contract under IC 36-2-13-2.5, the sheriff shall deposit in the county general fund the part of the collections that:

(A) represents the ten percent (10%) collection fee added under section 2(b) of this chapter; and

(B) would, if kept by the sheriff, result in the total amount of the sheriff's annual compensation exceeding the maximum

C o p y

amount allowed under IC 36-2-13-17.

The department shall establish the procedure for the disbursement of partial payments so that the intent of this section is carried out.

(d) After the period described in subsection (a) has passed, the sheriff shall return the tax warrant to the department. However, if the department determines that:

(1) at the end of this period the sheriff is in the process of collecting the judgment arising from a tax warrant in periodic payments of sufficient size that the judgment will be fully paid within one (1) year after the date the judgment was filed; and

(2) the sheriff's electronic data base regarding tax warrants is compatible with the department's data base;

the sheriff may keep the tax warrant and continue collections.

(e) Notwithstanding any other provision of this chapter, the department may order a sheriff to return a tax warrant at any time, if the department feels that action is necessary to protect the interests of the state.

(f) This subsection applies only to the sheriff of a county having a consolidated city or a second class city. In such a county, the ten percent (10%) collection fee added under section 2(b) of this chapter shall be divided as follows:

(1) Subject to subsection (g), the sheriff may retain forty thousand dollars ($40,000), plus one-fifth (1/5) of any fees exceeding that forty thousand dollar ($40,000) amount.

(2) Two-fifths (2/5) of any fees exceeding that forty thousand dollar ($40,000) amount shall be deposited in the sheriff's department's pension trust fund.

(3) Two-fifths (2/5) of any fees exceeding that forty thousand dollar ($40,000) amount shall be deposited in the county general fund.

(g) If an amount of the collection fee added under section 2(b) of this chapter would, if retained by the sheriff under subsection (f)(1), cause the total amount of the sheriff's annual compensation to exceed the maximum amount allowed under IC 36-2-13-17, the sheriff shall instead deposit the amount in the county general fund.

(h) Money deposited into a county general fund under subsections (c)(5) and (g) must be used as follows:

(1) To reduce any unfunded liability of a sheriff's pension trust plan established for the county's sheriff's department.

(2) Any amounts remaining after complying with subdivision (1) must be applied to the costs incurred to operate the county's sheriff's department.

C o p y

SECTION 90. IC 8-1.5-5-29, AS ADDED BY P.L.131-2005, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 29. (a) Subsections (c), (d), and (e) do not apply to a city that before January 1, 2005, adopted an ordinance establishing procedures for the collection of unpaid user fees under this chapter through the enforcement of a lien.

(b) Fees assessed against real property under this chapter constitute a lien against the property assessed. **However, a lien may not be imposed after December 31, 2011, on property that is a homestead exempt from property taxes under IC 6-1.1-10.2.** The lien is superior to all other liens except tax liens. Except as provided in subsections (c) and (d), the lien attaches when notice of the lien is filed in the county recorder's office under section 30 of this chapter.

(c) A fee is not enforceable as a lien against a subsequent owner of property unless the lien for the fee was recorded with the county recorder before the conveyance to the subsequent owner. If property is conveyed before a lien is filed, the department shall notify the person who owned the property at the time the fee became payable. The notice must inform the person that payment, including penalty fees for delinquencies, is due not more than fifteen (15) days after the date of the notice. If payment is not received within one hundred eighty (180) days after the date of the notice, the amount due may be expensed as a bad debt loss.

(d) A lien attaches against real property occupied by someone other than the owner only if the department notifies the owner within twenty (20) days after the time the user fees became sixty (60) days delinquent. However, the department must give notice to the owner only if the owner has given the department written notice of the address to which to send notice.

(e) The department shall release:

(1) liens filed with the county recorder after the recorded date of conveyance of the property; and

(2) delinquent fees incurred by the seller;

upon receipt of a verified demand in writing from the purchaser. The demand must state that the delinquent fees were not incurred by the purchaser as a user, lessee, or previous owner and that the purchaser has not been paid by the seller for the delinquent fees.

SECTION 91. IC 8-9.5-7-17, AS AMENDED BY P.L.113-2006, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 17. (a) This section provides for the assessment of benefits and damages to property within the automated transit district. For the purpose of providing all or part of the cost of

C o p y

payment of principal and interest on bonded indebtedness, and expenses of planning, construction, operation, maintenance, and repair of the automated transit system and related parking facilities and services after the completion of the same, including as a part of such cost the general expenses of the commission, the commission may make an annual assessment of benefits and damages. The assessment shall be against the site value of the lands only.

(b) The commission shall annually prepare a schedule which describes each tract of land in the district that it determines to be benefited by the automated transit system, and states the percentage of the total benefit that is received by each tract of land. In order to prepare this schedule, the commission shall appoint three (3) disinterested persons, who are licensed real estate brokers or appraisers licensed under IC 25-34.1 who are residents of Indiana, as appraisers to make an examination of the property within the improvement district. One (1) of the persons appointed under this subsection must reside not more than fifty (50) miles from the property. Upon request from the appraisers, the commission may retain or employ qualified personnel to render any necessary technical or consulting assistance, and may supply the appraisers with any information available or obtainable which will assist in making the assessment. Upon such examination, such appraisers shall make an assessment of all special benefits and damages, if any, which will accrue from the construction and operation of the automated transit system, as to each parcel of real estate. All property within the district (or owned or operated by the district), except common green areas, shall be conclusively presumed to be benefited by the existence of the district to the extent determined under this section as its assessed benefit. A copy of the roll of all owners of real estate, signed by all three (3) appraisers, showing the assessment of benefits and damages, if any, shall be filed by the appraisers with the commission not less than thirty (30) days after their appointment, unless the commission shall extend the time.

(c) Promptly after the filing of an assessment, the commission shall cause a notice to be mailed, by United States mail, first class postage prepaid, to each owner of real estate to be assessed. The notices shall be deposited in the mail twenty-one (21) days before the hearing date, shall set forth the amount of the proposed assessment, shall state that the proposed assessments on each parcel of real estate in the district are on file and can be seen in the office of the commission, and shall set forth the date when the commission will, at its office, receive written remonstrances against the assessment on the parcel and hear all owners of real estate assessed who have filed written remonstrances prior to

C o p y

the date fixed for the hearing. It shall be sufficient if the notices to the owners are addressed as the names and addresses appear upon the tax duplicates in the records of the county auditor.

(d) At the time so fixed in such notice, the commission shall hear all owners of real estate assessed who have filed written remonstrances prior to the date of the hearing. The hearing may be continued from time to time as long as may be necessary to hear such owners.

(e) The commission shall complete such assessment roll by rendering its decision by increasing, or decreasing, or by confirming each assessment by setting opposite each name, parcel and appraisers' assessment, the amount of the assessment as determined by the commission. If the total of the assessments exceeds the amount needed, the commission shall further make pro rata reduction in each assessment. The signing of such roll by a majority of the commission members and the delivery thereof to the fiscal officer of the city shall constitute a final and conclusive determination of the benefits or damages, if any, assessed. However, any owner who had previously filed a written remonstrance as provided in this section with the board or any owner whose assessment was increased above the amount fixed by the appraisers, whether ~~he~~ **the owner** filed such a written remonstrance or not, may appeal. Such appeal shall be taken as provided in IC 34-13-6, and shall proceed to trial, hearing, and final judgment in the manner and with the effect as provided in IC 34-13-6 as to all parties.

(f) If the final determination of the commission results in the total funds being inadequate to cover the cost of the improvement, the deficiency may be supplied by other sources as provided in this chapter.

(g) Each assessment shall be a lien on the real estate assessed, second only to taxes levied on such property. **However, a lien may not be imposed after December 31, 2011, on property that is a homestead exempt from property taxes under IC 6-1.1-10.2.**

(h) The commission shall annually transmit to the county auditor the schedule of assessment of benefits. The county auditor shall enter the assessment of benefits on the tax duplicates, and the county treasurer shall collect and enforce the amount of the assessed benefit in the same manner as property taxes are entered, collected, and enforced.

(i) The county treasurer charged with the duty of collecting such taxes shall, between the first and tenth days of each month, notify the commission of the amount of such special taxes collected during the preceding month, and upon the date of notification above referred to such county treasurer shall credit the amount so collected to a fund of

C o p y

such district to be designated as the "_____ Automated Transit District Fund", and such fund shall be used and expended for no other purpose than as stated in this section. The commission shall have full, complete, and exclusive authority to expend for and on behalf of the district all sums of money thus realized. The commission may, by resolution, authorize and make temporary loans in anticipation of the collection of the special benefit taxes actually levied and in the course of collection under this section, which loans shall mature and be paid within the year in which made, and shall bear interest payable at the maturity of the loan. Such temporary loans shall be evidenced by warrants.

SECTION 92. IC 8-9.5-8-17, AS AMENDED BY P.L.99-2007, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 17. The authority shall study and implement programs to assist in the transportation of military veterans or individuals with a disability (as defined in ~~IC 6-1.1-12-11)~~ **IC 6-1.1-12-0.7)** who travel on a toll road to or from a hospital for treatment. However, a program may not be inconsistent with the trust indenture securing the bonds of the toll road.

SECTION 93. IC 10-17-9-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 8. (a) Each member, the estate of a deceased member, or the estate of a member under guardianship is liable for the costs of maintenance of the member in an amount up to one hundred percent (100%) of the daily per capita cost of personal services and all other operating expenses for the preceding fiscal year. The per capita charge may be adjusted to reflect the level of care provided.

(b) The level of care must be as consistent as possible with:

(1) the care category of the facility in which the member is placed;

(2) the rules of the Indiana health facilities council adopted under IC 16-28; and

(3) the applicable code of the federal government covering reimbursement from the United States Department of Veterans' Affairs or another department of the federal government.

(c) The liability created for the costs of maintenance of a member constitutes a lien upon the real property of the member, if the lien is recorded as provided in this chapter. **However, a lien may not be imposed after December 31, 2011, on property that is a homestead exempt from property taxes under IC 6-1.1-10.2.** The lien has priority over all liens subsequently acquired.

SECTION 94. IC 12-14-16-2 IS AMENDED TO READ AS

C o p y

FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 2. A certificate filed with the county recorder is notice of a lien against the recipient and the recipient's estate for any amount recoverable under this article. **A certificate may not be filed against property that is a homestead exempt from property taxes under IC 6-1.1-10.2.**

SECTION 95. IC 12-20-6-10, AS AMENDED BY P.L.73-2005, SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 10. (a) As used in this section, "relative" includes only the parent, stepparent, child, stepchild, sibling, stepsibling, grandparent, stepgrandparent, grandchild, or stepgrandchild of a township assistance applicant.

(b) If an applicant who applies for township assistance or a member of the applicant's household has a relative living in the township who is able to assist the applicant or member of the applicant's household, the township trustee shall, as administrator of township assistance and before granting aid a second time, ask the relative to help the applicant or member of the applicant's household, either with material relief or by furnishing employment.

(c) A township trustee may not use township assistance funds to pay the cost of an applicant's shelter with a relative who is the applicant's landlord if the applicant lives in:

(1) the same household as the relative; or

(2) housing separate from the relative and either:

(A) the housing is unencumbered by mortgage; or

(B) the housing has not been previously rented by the relative to a different tenant at reasonable market rates for at least six (6) months.

(d) If shelter payments are made to a relative of a township assistance applicant on behalf of the applicant or a member of the applicant's household, the trustee may file a lien against the relative's real property, for the amount of township shelter assistance granted. **However, a lien may not be filed after December 31, 2011, on property that is a homestead exempt from property taxes under IC 6-1.1-10.2.**

SECTION 96. IC 12-20-25-45, AS AMENDED BY P.L.113-2010, SECTION 92, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 45. (a) Notwithstanding IC 6-3.5-6, after the termination of the controlled status of all townships located in a county as provided in section 41 of this chapter and if the county option income tax is imposed under this chapter, the county fiscal body may adopt an ordinance to

~~(1) grant a credit for homesteads that are eligible for a standard~~

C o p y

~~deduction under IC 6-1.1-12-37 in the county; or~~

~~(2)~~ reduce the county option income tax rate for resident county taxpayers to a rate not less than ~~the greater of:~~

~~(A)~~ the minimum rate necessary to satisfy the requirements of section 43 of this chapter. ~~or~~

~~(B) the minimum rate necessary to satisfy the requirements of sections 43 and 46(2) of this chapter if an ordinance is adopted under subdivision (1).~~

~~(b) A county fiscal body may not grant a credit for homesteads that exceeds the percentage permitted under IC 6-3.5-6-13 for a county option income tax imposed under IC 6-3.5-6.~~

~~(c) The increase in the homestead credit percentage must be uniform for all homesteads in a county.~~

~~(d) In an ordinance that increases the homestead credit percentage, the county fiscal body may provide for a series of increases or decreases to take place for each of a group of succeeding calendar years.~~

~~(e)~~ **(b)** An ordinance may be adopted under this section after January 1 but before June 1 of a calendar year.

~~(f)~~ **(c)** An ordinance adopted under this section takes effect January 1 of the next calendar year.

~~(g)~~ **(d)** An ordinance adopted under this section for a county is not applicable for a year if on January 1 of that year the county option income tax is not in effect.

SECTION 97. IC 12-20-25-46, AS AMENDED BY P.L.113-2010, SECTION 93, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 46. After the termination of the controlled status of all townships located in a county as provided in section 41 of this chapter, if the county adjusted gross income tax or the county option income tax is imposed under this chapter, any revenues from the county adjusted gross income tax or the county option income tax imposed under this chapter shall be distributed in the following priority:

(1) To satisfy the requirements of section 43 of this chapter.

~~(2) If the county option income tax imposed under this chapter is in effect, to replace the amount, if any, of property tax revenue lost due to the allowance of a homestead credit within the county under an ordinance adopted under section 45 of this chapter.~~

~~(3)~~ **(2)** To be used as a certified distribution as provided in IC 6-3.5-1.1 or IC 6-3.5-6, whichever applies.

SECTION 98. IC 12-24-15-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 1. The liability

C o p y

created by this article for payment of any type of cost of treatment and maintenance of a patient constitutes a lien upon the real property of the patient, and responsible parties of the patient whenever the lien has been recorded according to this chapter. **However, a lien may not be imposed after December 31, 2011, on property that is a homestead exempt from property taxes under IC 6-1.1-10.2.** The lien has priority over all liens subsequently acquired.

SECTION 99. IC 13-25-4-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 11. After a response is initiated under:

(1) section 9 of this chapter; or

(2) IC 13-24-1;

the state may impose a lien on the property on which the response is undertaken. **However, a lien may not be imposed after December 31, 2011, on property that is a homestead exempt from property taxes under IC 6-1.1-10.2.** The lien may secure the payment to the state of an amount of money equal to the amount expended from the fund under section 1(a)(3) of this chapter to finance the response.

SECTION 100. IC 14-26-8-58 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 58. (a) The amount of an assessment as made or approved and confirmed by the court is a lien upon the land assessed from the time the assessment is approved and confirmed. The lien follows all other improvement liens upon the affected real property in order of priority as to date of attachment. **However, a lien may not be imposed after December 31, 2011, on property that is a homestead exempt from property taxes under IC 6-1.1-10.2.**

(b) The surveyor charged with the construction of the work shall keep in the surveyor's office a complete copy of the assessments that may, upon demand, be examined by any interested person.

(c) An owner of land assessed for benefits who desires to transfer the property free and clear of the lien for the assessment may deposit with the county treasurer the full amount of the benefits assessed against the tract or parcel of land. When the surveyor has made the final computation to the county auditor, the treasurer shall pay to the person paying the assessment the surplus, if any, over the actual assessment. Whenever the owner of a tract or parcel of land has paid to the treasurer and the treasurer's books show the payment, the lien for the assessment on the tract or parcel of land is automatically canceled.

SECTION 101. IC 14-33-9-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 7. The special benefits tax levied by a district is a primary lien on real property in the

C o p y

district equal to other taxes imposed on real property. **However, a lien may not be imposed after December 31, 2011, on property that is a homestead exempt from property taxes under IC 6-1.1-10.2.** The same provisions of other taxes regarding collections, penalties, and sale of property for delinquencies apply to this tax.

SECTION 102. IC 14-33-10-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 1. (a) If the appraisers have determined that there are exceptional benefits to real property, the board of directors shall prepare an assessment roll from the appraisers' report as approved by the court. The assessment roll consists of the following:

(1) A description of each parcel of real property exceptionally benefited.

(2) The name of the owner as listed on the tax duplicate or described in the appraisers' report as approved by the court.

(3) The amount of the assessment.

(b) The assessment roll shall be distributed as follows:

(1) One (1) copy shall be recorded in the office of the recorder of each county in which real property exceptionally benefited is located.

(2) One (1) copy shall be filed with the auditor of each county in which land of a district exceptionally benefited is located.

(3) One (1) copy shall be kept on file in the office of the district.

(c) Assessments for exceptional benefits are a lien upon each parcel of real property against which the exceptional benefits are assessed from the date that the assessment is approved by the court. **However, a lien may not be imposed after December 31, 2011, on property that is a homestead exempt from property taxes under IC 6-1.1-10.2.**

SECTION 103. IC 14-33-10-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 4. (a) An assessment is a lien on the real property assessed equal to taxes levied on the property. **However, a lien may not be imposed after December 31, 2011, on property that is a homestead exempt from property taxes under IC 6-1.1-10.2.** If an installment of an assessment is not paid when due, the real property is subject to the same rate of interest and penalty as is provided by statute for delinquent taxes. If an installment or assessment is not paid in the amount and at the time when due, the board shall prepare, certify, and file with the auditor of the county in which the real property assessed is located the amount of the assessment against the real property with the default in payment.

C o p y

(b) The county auditor shall place the amount, together with interest and penalty, upon the tax duplicate to be collected as state and county taxes are collected at the next date for the semiannual payment of taxes. If the assessment, interest, and penalty are not paid at that time, the real property is subject to sale as is provided by statute for the sale of real property on which there are delinquent taxes. Upon the sale the proceeds shall be prorated equally among the assessment and any delinquent taxes. A sale for a delinquent tax or delinquent assessment does not extinguish the assessment.

SECTION 104. IC 36-1-6-2, AS AMENDED BY P.L.88-2009, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 2. (a) If a condition violating an ordinance of a municipal corporation exists on real property, employees or contractors of a municipal corporation may enter onto that property and take appropriate action to bring the property into compliance with the ordinance. However, before action to bring compliance may be taken, all persons holding a substantial interest in the property must be given a reasonable opportunity of at least ten (10) days but not more than sixty (60) days to bring the property into compliance. Continuous enforcement orders (as defined in IC 36-7-9-2) can be enforced and liens may be assessed without the need for additional notice. If the municipal corporation takes action to bring compliance, the expenses incurred by the municipal corporation to bring compliance constitute a lien against the property. **However, a lien may not be imposed after December 31, 2011, on property that is a homestead exempt from property taxes under IC 6-1.1-10.2.** The lien attaches when notice of the lien is recorded in the office of the county recorder in which the property is located. The lien is superior to all other liens except liens for taxes, in an amount that does not exceed:

(1) ten thousand dollars ($10,000) for real property that:

(A) contains one (1) or more occupied or unoccupied single or double family dwellings or the appurtenances or additions to those dwellings; or

(B) is unimproved; or

(2) twenty thousand dollars ($20,000) for all other real property not described in subdivision (1).

(b) The municipal corporation may issue a bill to the owner of the real property for the costs incurred by the municipal corporation in bringing the property into compliance with the ordinance, including administrative costs and removal costs.

(c) A bill issued under subsection (b) is delinquent if the owner of the real property fails to pay the bill within thirty (30) days after the

C o p y

date of the issuance of the bill.

(d) Whenever a municipal corporation determines it necessary, the officer charged with the collection of fees and penalties for the municipal corporation shall prepare:

(1) a list of delinquent fees and penalties that are enforceable under this section, including:

(A) the name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent;

(B) a description of the premises, as shown on the records of the county auditor; and

(C) the amount of the delinquent fees and the penalty; or

(2) an instrument for each lot or parcel of real property on which the fees are delinquent.

(e) The officer shall record a copy of each list or each instrument with the county recorder, who shall charge a fee for recording the list or instrument under the fee schedule established in IC 36-2-7-10.

(f) The amount of a lien shall be placed on the tax duplicate by the auditor. The total amount, including any accrued interest, shall be collected in the same manner as delinquent taxes are collected and shall be disbursed to the general fund of the municipal corporation.

(g) A fee is not enforceable as a lien against a subsequent owner of property unless the lien for the fee was recorded with the county recorder before conveyance to the subsequent owner. If the property is conveyed before the lien is recorded, the municipal corporation shall notify the person who owned the property at the time the fee became payable. The notice must inform the person that payment, including penalty fees for delinquencies, is due not later than fifteen (15) days after the date of the notice. If payment is not received within one hundred eighty (180) days after the date of the notice, the amount due may be considered a bad debt loss.

(h) The municipal corporation shall release:

(1) liens filed with the county recorder after the recorded date of conveyance of the property; and

(2) delinquent fees incurred by the seller;

upon receipt of a written demand from the purchaser or a representative of the title insurance company or the title insurance company's agent that issued a title insurance policy to the purchaser. The demand must state that the delinquent fees were not incurred by the purchaser as a user, lessee, or previous owner and that the purchaser has not been paid by the seller for the delinquent fees.

(i) The county auditor shall remove the fees, penalties, and service charges that were not recorded before a recorded conveyance to a

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subsequent owner upon receipt of a copy of the written demand under subsection (h).

SECTION 105. IC 36-7-4-1325 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 1325. (a) A unit may use any legal remedy to collect an impact fee imposed by the unit. A unit must bring an action to collect an impact fee and all penalties, costs, and collection expenses associated with a fee not later than ten (10) years after the fee or the prorated portion of the impact fee first becomes due and payable.

(b) On the date a structural building permit is issued for the development of property on which the impact fee is assessed, the unit acquires a lien on the real property for which the permit is issued. **However, a lien may not be imposed after December 31, 2011, on property that is a homestead exempt from property taxes under IC 6-1.1-10.2.** For a phased development, the amount of the lien may not exceed the prorated portion of the impact fee due and payable in one (1) or more installments at the time the structural building permit is issued.

(c) A lien acquired by a unit under this section is not affected by a sale or transfer of the real property subject to the lien, including the sale, exchange, or lease of the real property under IC 36-1-11.

(d) A lien acquired by a unit under this section continues for ten (10) years after the impact fee or the prorated portion of the impact fee becomes due and payable. However, if an action to enforce the lien is filed within the ten (10) year period, the lien continues until the termination of the proceeding.

(e) A holder of a lien of record on any real property on which an impact fee is delinquent may pay the delinquent impact fee and any penalties and costs. The amount paid by the lien holder is an additional lien on the real property in favor of the lien holder and is collectible in the same manner as the original lien.

(f) If a person pays an impact fee assessed against any real property, the person is entitled to a receipt for the payment that is:

(1) on a form prescribed by the impact fee ordinance; and

(2) issued by a person designated in the impact fee ordinance.

SECTION 106. IC 36-7-14-48, AS AMENDED BY P.L.1-2009, SECTION 165, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 48. (a) Notwithstanding section 39(a) of this chapter, with respect to the allocation and distribution of property taxes for the accomplishment of a program adopted under section 45 of this chapter, "base assessed value" means the net assessed value of all of the property, other than personal

C o p y

property, as finally determined for the assessment date immediately preceding the effective date of the allocation provision, as adjusted under section 39(h) of this chapter.

(b) The allocation fund established under section 39(b) of this chapter for the allocation area for a program adopted under section 45 of this chapter may be used only for purposes related to the accomplishment of the program, including the following:

(1) The construction, rehabilitation, or repair of residential units within the allocation area.

(2) The construction, reconstruction, or repair of any infrastructure (including streets, sidewalks, and sewers) within or serving the allocation area.

(3) The acquisition of real property and interests in real property within the allocation area.

(4) The demolition of real property within the allocation area.

(5) The provision of financial assistance to enable individuals and families to purchase or lease residential units within the allocation area. However, financial assistance may be provided only to those individuals and families whose income is at or below the county's median income for individuals and families, respectively.

(6) The provision of financial assistance to neighborhood development corporations to permit them to provide financial assistance for the purposes described in subdivision (5).

(7) For property taxes first due and payable before January 1, 2009, providing each taxpayer in the allocation area a credit for property tax replacement as determined under subsections (c) and (d). However, the commission may provide this credit only if the municipal legislative body (in the case of a redevelopment commission established by a municipality) or the county executive (in the case of a redevelopment commission established by a county) establishes the credit by ordinance adopted in the year before the year in which the credit is provided.

(c) The maximum credit that may be provided under subsection (b)(7) to a taxpayer in a taxing district that contains all or part of an allocation area established for a program adopted under section 45 of this chapter shall be determined as follows:

STEP ONE: Determine that part of the sum of the amounts described in IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) through IC 6-1.1-21-2(g)(5) (before their repeal) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of each county's eligible property tax replacement

C o p y

amount (as defined in IC 6-1.1-21-2) (before its repeal) for that year as determined under IC 6-1.1-21-4(a)(1) (before its repeal) that is attributable to the taxing district; by

(B) the amount determined under STEP ONE.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

(B) the taxpayer's taxes (as defined in IC 6-1.1-21-2) (before its repeal) levied in the taxing district allocated to the allocation fund, including the amount that would have been allocated but for the credit.

(d) The commission may determine to grant to taxpayers in an allocation area from its allocation fund a credit under this section, as calculated under subsection (c). ~~Except as provided in subsection (g),~~ One-half (1/2) of the credit shall be applied to each installment of taxes (as defined in IC 6-1.1-21-2) (before its repeal) that under IC 6-1.1-22-9 are due and payable in a year. The commission must provide for the credit annually by a resolution and must find in the resolution the following:

(1) That the money to be collected and deposited in the allocation fund, based upon historical collection rates, after granting the credit will equal the amounts payable for contractual obligations from the fund, plus ten percent (10%) of those amounts.

(2) If bonds payable from the fund are outstanding, that there is a debt service reserve for the bonds that at least equals the amount of the credit to be granted.

(3) If bonds of a lessor under section 25.2 of this chapter or under IC 36-1-10 are outstanding and if lease rentals are payable from the fund, that there is a debt service reserve for those bonds that at least equals the amount of the credit to be granted.

If the tax increment is insufficient to grant the credit in full, the commission may grant the credit in part, prorated among all taxpayers.

(e) Notwithstanding section 39(b) of this chapter, the allocation fund established under section 39(b) of this chapter for the allocation area for a program adopted under section 45 of this chapter may only be used to do one (1) or more of the following:

(1) Accomplish one (1) or more of the actions set forth in section 39(b)(2)(A) through 39(b)(2)(H) and 39(b)(2)(J) of this chapter for property that is residential in nature.

(2) Reimburse the county or municipality for expenditures made by the county or municipality in order to accomplish the housing program in that allocation area.

The allocation fund may not be used for operating expenses of the

C o p y

commission.

(f) Notwithstanding section 39(b) of this chapter, the commission shall, relative to the allocation fund established under section 39(b) of this chapter for an allocation area for a program adopted under section 45 of this chapter, do the following before July 15 of each year:

(1) Determine the amount, if any, by which the assessed value of the taxable property in the allocation area for the most recent assessment date minus the base assessed value, when multiplied by the estimated tax rate of the allocation area, will exceed the amount of assessed value needed to produce the property taxes necessary:

(A) to make, when due, principal and interest payments on bonds described in section 39(b)(2) of this chapter;

(B) to pay the amount necessary for other purposes described in section 39(b)(2) of this chapter; and

(C) to reimburse the county or municipality for anticipated expenditures described in subsection (e)(2).

(2) Provide a written notice to the county auditor, the fiscal body of the county or municipality that established the department of redevelopment, and the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area. The notice must:

(A) state the amount, if any, of excess property taxes that the commission has determined may be paid to the respective taxing units in the manner prescribed in section 39(b)(1) of this chapter; or

(B) state that the commission has determined that there is no excess assessed value that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditor shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the commission.

~~(g) This subsection applies to an allocation area only to the extent that the net assessed value of property that is assessed as residential property under the rules of the department of local government finance is not included in the base assessed value. If property tax installments with respect to a homestead (as defined in IC 6-1.1-12-37) are due in installments established by the department of local government finance under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an allocation area is entitled to an additional credit under subsection (d) for the taxes (as defined in IC 6-1.1-21-2) (before its repeal) due in~~

C o p y

~~installments. The credit shall be applied in the same proportion to each installment of taxes (as defined in IC 6-1.1-21-2) (before its repeal).~~

SECTION 107. IC 36-7-15.1-35, AS AMENDED BY P.L.146-2008, SECTION 760, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 35. (a) Notwithstanding section 26(a) of this chapter, with respect to the allocation and distribution of property taxes for the accomplishment of a program adopted under section 32 of this chapter, "base assessed value" means the net assessed value of all of the land as finally determined for the assessment date immediately preceding the effective date of the allocation provision, as adjusted under section 26(g) of this chapter. However, "base assessed value" does not include the value of real property improvements to the land.

(b) The special fund established under section 26(b) of this chapter for the allocation area for a program adopted under section 32 of this chapter may be used only for purposes related to the accomplishment of the program, including the following:

(1) The construction, rehabilitation, or repair of residential units within the allocation area.

(2) The construction, reconstruction, or repair of infrastructure (such as streets, sidewalks, and sewers) within or serving the allocation area.

(3) The acquisition of real property and interests in real property within the allocation area.

(4) The demolition of real property within the allocation area.

(5) To provide financial assistance to enable individuals and families to purchase or lease residential units within the allocation area. However, financial assistance may be provided only to those individuals and families whose income is at or below the county's median income for individuals and families, respectively.

(6) To provide financial assistance to neighborhood development corporations to permit them to provide financial assistance for the purposes described in subdivision (5).

(7) For property taxes first due and payable before 2009, to provide each taxpayer in the allocation area a credit for property tax replacement as determined under subsections (c) and (d). However, this credit may be provided by the commission only if the city-county legislative body establishes the credit by ordinance adopted in the year before the year in which the credit is provided.

(c) The maximum credit that may be provided under subsection (b)(7) to a taxpayer in a taxing district that contains all or part of an

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allocation area established for a program adopted under section 32 of this chapter shall be determined as follows:

STEP ONE: Determine that part of the sum of the amounts described in IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) through IC 6-1.1-21-2(g)(5) **(before their repeal)** that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2 **before its repeal)** for that year as determined under IC 6-1.1-21-4(a)(1) **(before its repeal)** that is attributable to the taxing district; by

(B) the amount determined under STEP ONE.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

(B) the taxpayer's taxes (as defined in IC 6-1.1-21-2) **(before its repeal)** levied in the taxing district allocated to the allocation fund, including the amount that would have been allocated but for the credit.

(d) ~~Except as provided in subsection (g),~~ The commission may determine to grant to taxpayers in an allocation area from its allocation fund a credit under this section, as calculated under subsection (c), by applying one-half (1/2) of the credit to each installment of taxes (as defined in IC 6-1.1-21-2) **(before its repeal)** that under IC 6-1.1-22-9 are due and payable in a year. ~~Except as provided in subsection (g),~~ One-half (1/2) of the credit shall be applied to each installment of taxes (as defined in IC 6-1.1-21-2 **before its repeal).** The commission must provide for the credit annually by a resolution and must find in the resolution the following:

(1) That the money to be collected and deposited in the allocation fund, based upon historical collection rates, after granting the credit will equal the amounts payable for contractual obligations from the fund, plus ten percent (10%) of those amounts.

(2) If bonds payable from the fund are outstanding, that there is a debt service reserve for the bonds that at least equals the amount of the credit to be granted.

(3) If bonds of a lessor under section 17.1 of this chapter or under IC 36-1-10 are outstanding and if lease rentals are payable from the fund, that there is a debt service reserve for those bonds that at least equals the amount of the credit to be granted.

If the tax increment is insufficient to grant the credit in full, the commission may grant the credit in part, prorated among all taxpayers.

(e) Notwithstanding section 26(b) of this chapter, the special fund

C o p y

established under section 26(b) of this chapter for the allocation area for a program adopted under section 32 of this chapter may only be used to do one (1) or more of the following:

(1) Accomplish one (1) or more of the actions set forth in section 26(b)(2)(A) through 26(b)(2)(H) of this chapter.

(2) Reimburse the consolidated city for expenditures made by the city in order to accomplish the housing program in that allocation area.

The special fund may not be used for operating expenses of the commission.

(f) Notwithstanding section 26(b) of this chapter, the commission shall, relative to the special fund established under section 26(b) of this chapter for an allocation area for a program adopted under section 32 of this chapter, do the following before July 15 of each year:

(1) Determine the amount, if any, by which the assessed value of the taxable property in the allocation area, when multiplied by the estimated tax rate of the allocation area, will exceed the amount of assessed value needed to produce the property taxes necessary:

(A) to make, when due, principal and interest payments on bonds described in section 26(b)(2) of this chapter;

(B) to pay the amount necessary for other purposes described in section 26(b)(2) of this chapter; and

(C) to reimburse the consolidated city for anticipated expenditures described in subsection (e)(2).

(2) Provide a written notice to the county auditor, the legislative body of the consolidated city, and the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area. The notice must:

(A) state the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in section 26(b)(1) of this chapter; or

(B) state that the commission has determined that there is no excess assessed value that may be allocated to the respective taxing units in the manner prescribed in section 26(b)(1) of this chapter.

The county auditor shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the commission.

~~(g) This subsection applies to an allocation area only to the extent that the net assessed value of property that is assessed as residential~~

C o p y

~~property under the rules of the department of local government finance is not included in the base assessed value. If property tax installments with respect to a homestead (as defined in IC 6-1.1-20.9-1) are due in installments established by the department of local government finance under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an allocation area is entitled to an additional credit under subsection (d) for the taxes (as defined in IC 6-1.1-21-2) due in installments. The credit shall be applied in the same proportion to each installment of taxes (as defined in IC 6-1.1-21-2).~~

SECTION 108. IC 36-7-15.5-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 18. Each assessment is a lien on the real property that is assessed, second only to taxes levied on that property. **However, a lien may not be imposed after December 31, 2011, on property that is a homestead exempt from property taxes under IC 6-1.1-10.2.**

SECTION 109. IC 36-7-22-12, AS AMENDED BY P.L.113-2010, SECTION 137, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 12. (a) The board shall use the formula approved by the legislative body under section 7(a)(4) of this chapter to determine the percentage of benefit to be received by each parcel of real property within the economic improvement district. The board shall apply the percentage determined for each parcel to the total amount that is to be defrayed by special assessment and determine the special assessment for each parcel.

(b) Promptly after determining the proposed assessment for each parcel, the board shall mail notice to each owner of property to be assessed. This notice must:

(1) set forth the amount of the proposed special assessment;

(2) state that the proposed special assessment on each parcel of real property in the economic improvement district is on file and can be seen in the board's office;

(3) state the time and place where written remonstrances against the special assessment may be filed;

(4) set forth the time and place where the board will hear any owner of assessed real property who has filed a remonstrance before the hearing date; and

(5) state that the board, after hearing evidence, may increase or decrease, or leave unchanged, the special assessment on any parcel.

(c) The notices must be deposited in the mail twenty (20) days before the hearing date. The notices to the owners must be addressed as the names and addresses appear on the tax duplicates and the

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records of the county auditor.

(d) At the time fixed in the notice, the board shall hear any owner of assessed real property who has filed a written remonstrance before the date of the hearing. The hearing may be continued from time to time as long as is necessary to hear the owners.

(e) The board shall render its decision by increasing, decreasing, or confirming each special assessment by setting opposite each name, parcel, and proposed assessment, the amount of the assessment as determined by the board. However, if the total of the special assessments exceeds the amount needed, the board shall make a prorated reduction in each special assessment.

(f) Except as provided in section 13 of this chapter, the signing of the special assessment schedule by a majority of the members of the board and the delivery of the schedule to the county auditor constitute a final and conclusive determination of the benefits that are assessed.

(g) Each special assessment is a lien on the real property that is assessed, second only to ad valorem property taxes levied on that property. **However, a lien may not be imposed after December 31, 2011, on property that is a homestead exempt from property taxes under IC 6-1.1-10.2.**

(h) The board shall certify to the county auditor the schedule of special assessments of benefits. For purposes of providing substantiation of the deductibility of a special assessment for federal adjusted gross income tax purposes under Section 164 of the Internal Revenue Code, the board shall, to the extent practicable, supplement the schedule of special assessments provided to the county auditor with a statement that identifies the part of each special assessment that is allocable to interest, maintenance, and repair charges. If the board provides the county auditor with the statement, the county auditor shall show, on the tax statement, the part of the special assessment that is for interest and maintenance and repair items separately from the remainder of the special assessment.

SECTION 110. IC 36-7-29-22.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 22.5. (a) After removal or remedial action is initiated under this chapter, the district may impose a lien on the property on which the removal or remedial action is undertaken. **However, a lien may not be imposed after December 31, 2011, on property that is a homestead exempt from property taxes under IC 6-1.1-10.2.** The lien may secure the payment to the district of an amount of money equal to the amount of money expended periodically by the district to finance the removal or remedial action.

C o p y

(b) In order to perfect a lien arising under subsection (a), the district must file notice of the lien in the office of the county recorder. At least thirty (30) days before filing notice of the lien in the office of the county recorder, the district must provide by certified mail to:

(1) the owner of the real property that would be subject to the lien, at the owner's last known address; or

(2) the tenant or other person having control of the real property that would be subject to the lien, at the last known address of the tenant or other person, if the owner of record cannot be identified;

a written notice of the date on which the district intends to impose a lien under subsection (a). The district shall also provide the county recorder with a copy of the written notice required by this subsection.

(c) When a notice of a lien arising under subsection (a) is presented to the county recorder for filing, the county recorder shall enter the lien appropriately in the entry book and in the miscellaneous record. The entries made under this subsection must show the following:

(1) The date of filing.

(2) The book and page number or instrument number.

(3) The name of the person named in the notice.

(4) A legal description of the property if appropriate.

(5) A serial number or other identifying number given in the notice.

(d) After a notice of a lien is filed with the county recorder under subsection (c), the district shall provide notice of the filing of the lien by certified mail to:

(1) the owner of the property that is subject to the lien, at the owner's last known address; or

(2) the tenant or other person having control of the property that is subject to the lien, at the last known address of the tenant or other person, if the owner of record cannot be identified.

(e) Subject to subsection (f), when a certificate of discharge of a lien arising under this section is:

(1) issued by the board or its designated representative; and

(2) presented for filing in the office of the county recorder;

the county recorder shall record the certificate of discharge as a release of the lien.

(f) To be recorded under subsection (e), the certificate must refer to the county recorder's book and page number or instrument number under which the lien was recorded.

(g) When recording a release of a lien under subsection (e), the county recorder shall inscribe, in the margin of each entry made to record the lien under subsection ~~(d),~~ **(c),** a reference to the place where

C o p y

the release is recorded.

(h) Upon:

(1) the recording of the certificate of discharge as a release under subsection (e); and

(2) the inscribing of the references to the release under this section;

a certificate of discharge of a lien arising under subsection (a) operates as a full discharge and satisfaction of the lien unless the references to the release inscribed under subsection (e) specifically note the release as a partial lien release.

(i) A lien created under subsection (a) continues until the earlier of the following:

(1) The full discharge and satisfaction of the lien.

(2) The expiration of a twenty (20) year period from the date of the creation of the lien, unless an action to foreclose the lien is pending.

SECTION 111. IC 36-7-35-8, AS AMENDED BY P.L.1-2009, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 8. As used in this chapter, "residentially distressed area" means an area:

(1) that has a significant number of:

(A) **single family** dwellings ~~(as defined in IC 6-1.1-12-37)~~ within the area that are:

(i) not permanently occupied;

(ii) subject to an order issued under IC 36-7-9; or

(iii) evidencing significant building deficiencies; or

(B) vacant parcels of real property (as defined by IC 6-1.1-1-15); or

(2) that has experienced a net loss in the number of **single family** dwellings. ~~(as defined in IC 6-1.1-12-37).~~

SECTION 112. IC 36-9-9-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 10. (a) After an electrical lighting system has been completed and is ready for operation, the municipal works board shall assess the real property in the city block or blocks affected for the proportionate part of the annual lighting cost and, in the case of a system of ornamental lighting, the installation costs, that the property owners are required to pay annually. The works board shall assess each lot or parcel of the property equally per front foot.

(b) The works board shall prepare and file an assessment roll, setting forth the assessments against each lot and parcel of real property to be assessed, based upon:

C o p y

(1) the cost of the lighting for the full period of one (1) year and for that part of a year the system may be operated between the time of its completion and the beginning of the next calendar year; and

(2) in the case of a system of ornamental lighting, the costs of installing the system.

The preparation and filing of the assessment roll and all proceedings for its adoption and confirmation, notices to property owners, certifying the roll to the county treasurer, and all other proceedings in connection with the roll must be according to the statutes regarding public improvements in municipalities.

(c) The first assessment made against each lot or parcel of real property is a lien on that lot or parcel, from the time of the final acceptance of the electrical system by the municipality. **However, a lien may not be imposed after December 31, 2011, on property that is a homestead exempt from property taxes under IC 6-1.1-10.2.** The lien covers the cost of lighting for the part of the calendar year following acceptance of the system, the cost of lighting for the next full calendar year, and, in the case of a system of ornamental lighting, the cost of installing the system.

(d) After the first assessment is made, a lien attaches upon March 1 of each year without further certification to the county treasurer, for the amount of the lighting cost for the succeeding calendar year and in the same proportions per front foot as fixed by the original assessment roll.

(e) Assessments made under this section shall be paid in the same manner as taxes are paid, at the regular tax paying periods following the adoption of the assessment roll. An assessment not paid at the time fixed by statute is subject to and may be collected according to the statutes regarding delinquent taxes, and all property upon which an assessment is a lien is subject to proceedings for the collection of taxes.

(f) The lien of an assessment under this section has equal priority with all other assessment liens and is superior to all other liens except liens for taxes.

SECTION 113. IC 36-9-23-32, AS AMENDED BY P.L.113-2010, SECTION 153, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 32. (a) Fees assessed against real property under this chapter or under any statute repealed by IC 19-2-5-30 constitute a lien against the property assessed. **However, a lien may not be imposed after December 31, 2011, on property that is a homestead exempt from property taxes under IC 6-1.1-10.2.** The lien is superior to all other liens except tax liens.

C o p y

Except as provided in subsections (b) and (c), the lien attaches when notice of the lien is filed in the county recorder's office under section 33 of this chapter.

(b) A fee is not enforceable as a lien against a subsequent owner of property unless the lien for the fee was recorded with the county recorder before the conveyance to the subsequent owner. If the property is conveyed before the lien can be filed, the municipality shall notify the person who owned the property at the time the fee became payable. The notice must inform the person that payment, including penalty fees for delinquencies, is due not more than fifteen (15) days after the date of the notice. If payment is not received within one hundred eighty (180) days after the date of the notice, the amount due may be expensed as a bad debt loss.

(c) A lien attaches against real property occupied by someone other than the owner only if the utility notified the owner within twenty (20) days after the time the utility fees became sixty (60) days delinquent. However, the utility is required to give notice to the owner if the owner has given the general office of the utility written notice of the address to which the owner's notice is to be sent. A notice sent to the owner under this subsection must be sent by certified mail, return receipt requested, or an equivalent service permitted under IC 1-1-7-1 to:

(1) the owner of record of real property with a single owner; or

(2) at least one (1) of the owners of real property with multiple owners;

at the last address of the owner for the property as indicated in the records of the county auditor on the date of the notice. The cost of sending notice under this subsection is an administrative cost that may be billed to the owner.

(d) The municipality shall release:

(1) liens filed with the county recorder after the recorded date of conveyance of the property; and

(2) delinquent fees incurred by the seller;

upon receipt of a verified demand in writing from the purchaser. The demand must state that the delinquent fees were not incurred by the purchaser as a user, lessee, or previous owner, and that the purchaser has not been paid by the seller for the delinquent fees.

SECTION 114. IC 36-9-25-11, AS AMENDED BY P.L.168-2009, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 11. (a) In connection with its duties, the board may fix fees for the treatment and disposal of sewage and other waste discharged into the sewerage system, collect the fees, and establish and enforce rules governing the furnishing of and payment for

C o p y

sewage treatment and disposal service. The fees must be just and equitable and shall be paid by any user of the sewage works and the owner of every lot, parcel of real property, or building that is connected with and uses the sewage works of the district by or through any part of the sewerage system. This section applies to owners of property that is partially or wholly exempt from taxation, as well as owners of property subject to full taxation.

(b) The board may change fees from time to time. The fees, together with the taxes levied under this chapter, must at all times be sufficient to produce revenues sufficient to pay operation, maintenance, and administrative expenses, to pay the principal and interest on bonds as they become due and payable, and to provide money for the revolving fund authorized by this chapter.

(c) Fees may not be established until a public hearing has been held at which all the users of the sewage works and owners of property served or to be served by the works, including interested parties, have had an opportunity to be heard concerning the proposed fees. After introduction of the resolution fixing fees, and before they are finally adopted, notice of the hearing setting forth the proposed schedule of fees shall be given by publication in accordance with IC 5-3-1. After the hearing, the resolution establishing fees, either as originally introduced or as amended, shall be passed and put into effect. However, fees related to property that is subject to full taxation do not take effect until they have been approved by ordinance of the municipal legislative body or, in the case of a district described in section 3(b)(2) of this chapter, under section 11.3 of this chapter.

(d) A copy of the schedule of the fees shall be kept on file in the office of the board and must be open to inspection by all interested parties. The fees established for any class of users or property served shall be extended to cover any additional premises thereafter served that fall within the same class, without the necessity of hearing or notice.

(e) A change of fees may be made in the same manner as fees were originally established. However, if a change is made substantially pro rata for all classes of service, hearing or notice is not required, but approval of the change by ordinance of the municipal legislative body is required, and, in the case of a district described in section 3(b)(2) of this chapter, approval under section 11.3 of this chapter is required.

(f) If a fee established is not paid within thirty (30) days after it is due, the amount, together with a penalty of ten percent (10%) and a reasonable attorney's fee, may be recovered by the board from the delinquent user or owner of the property served in a civil action in the

C o p y

name of the municipality.

(g) Fees assessed against real property under this section also constitute a lien against the property assessed. **However, a lien may not be imposed after December 31, 2011, on property that is a homestead exempt from property taxes under IC 6-1.1-10.2.** The lien attaches at the time of the filing of the notice of lien in the county recorder's office. The lien is superior to all other liens except tax liens, and shall be enforced and foreclosed in the same manner as is provided for liens under IC 36-9-23-33 and IC 36-9-23-34.

(h) A fee assessed against real property under this section constitutes a lien against the property assessed only when the fee is delinquent for no more than three (3) years from the day after the fee is due.

(i) In addition to the penalties under subsections (f) and (g) and section 11.5 of this chapter, a delinquent user may not discharge water into the public sewers and may have the property disconnected from the public sewers.

(j) The authority to establish a user fee under this section includes fees to recover the cost of construction of sewage works from industrial users as defined and required under federal statute or rule. Any industrial users' cost recovery fees may become a lien upon the real property and shall be collected in the manner provided by law. In addition, the imposition of the fees, the use of the amounts collected, and the criteria for the fees must be consistent with the regulations of the federal Environmental Protection Agency.

(k) The authority to establish a user fee under this section includes fees to recover the costs associated with providing financial assistance under section 42 of this chapter. A fee that is:

(1) established under this subsection or any other law; and

(2) used to provide financial assistance under section 42 of this chapter;

is considered just and equitable if the project for which the financial assistance is provided otherwise complies with the requirements of this chapter.

SECTION 115. IC 36-9-31-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 8. (a) The board may establish fees for waste collection and disposal. The board shall establish fees for waste disposal when necessary to pay principal or interest on any bonds issued under section 10 of this chapter. Fees established under this subsection shall apply to all persons owning real property benefited by waste collection, a facility for waste disposal, or both. The board may change and readjust fees from time to time.

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(b) The board may fix the fees for waste collection on the basis of a schedule of charges for each classification of residence or building in use in the solid waste collection service district, and may fix the fees for waste disposal on the basis of a schedule of charges for each classification of residence or building in use in the waste disposal district. These classifications of residences and buildings shall be based on:

(1) weight or volume of the refuse received;

(2) the average number of containers or bags of refuse received;

(3) the relative difficulty associated with the disposal of the waste received; or

(4) any combination of these criteria or any other criteria the board determines to be logically related to the service.

(c) The collection of the fees authorized by this section may be effectuated through a periodic billing system or through a charge appearing on the semiannual property tax statement of the affected property owner.

(d) If the fees are not paid when due (by the affected property owner), a lien is created upon the property benefited by the collection and disposal of waste. **However, a lien may not be created after December 31, 2011, upon property that is a homestead exempt from property taxes under IC 6-1.1-10.2.** When the property is sold at a tax sale under the procedures provided by statute, the amount of the purchase price attributable to the waste charge lien reverts to the consolidated city.

(e) The board may exercise reasonable discretion in adopting differing schedules of fees, based upon variations in the cost of furnishing the services included within this chapter to various classes of owners of property, the distance of the property benefited from the facility, or any other variations the board determines to be logically related to the cost of the service.

(f) Fees shall be established only after a public hearing before the board at which all persons using facilities or owning property benefited by waste collection and disposal, and others interested, have had opportunity to be heard by the board concerning the proposed fees. After adoption of the resolution fixing fees and before the resolution takes effect, public notice of the hearing, setting forth the schedule of fees, shall be given. The hearing may be adjourned from time to time. After the hearing, the resolution establishing fees, either as originally passed or as amended, shall be passed and put into effect. A copy of the schedule of fees so established shall be kept on file in the office of the board and shall be kept open to inspection by all persons interested.

C o p y

The fees established shall be extended to cover any additional territory later served that falls within the same class, without the necessity of any hearing or notice. Any change or readjustment of fees may be made in the same manner as they were originally established.

(g) An action to contest the validity of the fees adopted or the procedure by which they were adopted must be brought within thirty (30) days following the adoption of the fees.

(h) Fees imposed under this chapter may be used, together with any other revenues, to pay the cost of facilities for waste disposal, waste collection, the operation and maintenance of facilities, cost incurred under put or pay contracts, charges that may be pledged to the payment of principal of and interest on waste disposal district or revenue bonds, or amounts required by put or pay contracts.

(i) Before any fee established by the board for waste collection or disposal may take effect, the city-county legislative body must by ordinance approve, reject, or modify the fee.

SECTION 116. IC 36-9-36-40 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 40. (a) The unit has a lien against each parcel of real property that is assessed for:

(1) the construction, maintenance, or repair of an improvement; or

(2) the taking of lands for any purpose of the unit.

However, a lien may not be imposed after December 31, 2011, on property that is a homestead exempt from property taxes under IC 6-1.1-10.2.

(b) The lien is established when the assessments are certified to the disbursing officer for collection. The unit may bring a foreclosure action to enforce the lien against a person who defaults in payment of the assessment.

SECTION 117. IC 36-9-38-28 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 28. Each assessment levied under this chapter (or under IC 36-9-20 before its repeal in 1993) is a lien on the real property assessed. **However, a lien may not be imposed after December 31, 2011, on property that is a homestead exempt from property taxes under IC 6-1.1-10.2.** This lien is second in priority only to taxes levied on the property.

SECTION 118. IC 36-10-4-23 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 23. (a) The board may, in a proceeding separate from the acquisition of land by purchase or appropriation, order the improvement of a parkway, pleasure driveway, or boulevard, or part of any of these, under the control of the board by surface grading, paving, curbing, or constructing sidewalks

C o p y

in the same manner as the works board of the city may improve a public way or sidewalk within the city. The powers, rights, and duties of the board in carrying out this work are the same as the powers, rights, and duties of the works board in the performance of similar work under general procedures. In addition, the board may determine the kind of pavement to be used. The powers, rights, and duties of the persons to be assessed are the same as those provided under general procedures for doing similar work by the works board, with the cost of improvements assessed to the same extent as property is assessed.

(b) When costs are assessed, they become a lien upon the property to the same extent, are enforceable in the same manner, and have the same rights to payment by installments and appeal as are provided for street and sidewalk improvements ordered by the works board. **However, a lien may not be imposed after December 31, 2011, on property that is a homestead exempt from property taxes under IC 6-1.1-10.2.**

(c) If a majority of the resident freeholders affected by the proposed improvement remonstrate in writing against the improvement, the board may, after giving ten (10) days' notice to the remonstrators, petition the circuit court to specifically order the improvement. If at the hearing on the petition the board establishes the public necessity of the proposed improvement and demonstrates that the benefits will equal the assessments against the separate lots or parcels of land, the order shall be made.

(d) If land along one (1) side of a parkway, pleasure driveway, or boulevard is owned by the city or used by it for park purposes, one-half (1/2) of the cost of the improvements under this section, as well as any part of the other one-half (1/2) of the cost of the improvements that cannot be met by special assessments against abutting property, is considered to be benefits accruing to all of the property, real and personal, not exempt from taxation under this chapter and located within the boundaries of the district. The cost shall be paid out of the proceeds of the bonds of the taxing district that are issued and sold for those purposes. Payment shall be made as provided in sections 35 and 37 of this chapter.

(e) The board may provide for the rough grading of a parkway, pleasure driveway, or boulevard at the same time as the acquisition of the property or after the property, or a necessary part of it, has already been secured under section 21 of this chapter.

(f) The board may change and fix the grade of a boulevard, park boulevard, public driveway, or public ground under its control to the same extent as the works board of the city may change and fix the

C o p y

grade of a public way or public place within the city.

SECTION 119. THE FOLLOWING ARE REPEALED [EFFECTIVE JANUARY 1, 2012]: IC 6-1.1-12-9; IC 6-1.1-12-10.1; IC 6-1.1-12-11; IC 6-1.1-12-12; IC 6-1.1-12-17.4; IC 6-1.1-12-17.5; IC 6-1.1-12-37; IC 6-1.1-12-37.5; IC 6-1.1-12-41; IC 6-1.1-12-42; IC 6-1.1-12-44; IC 6-1.1-20.4; IC 6-1.1-20.6-8.5; IC 6-1.1-22-9.5; IC 6-2.5-4-3; IC 6-2.5-4-4; IC 6-2.5-4-11; IC 6-2.5-4-13; IC 6-2.5-4-14; IC 6-2.5-5-16.5; IC 6-3.1-20; IC 6-3.5-6-13; IC 6-3.5-7-25; IC 6-3.5-7-25.5.

SECTION 120. [EFFECTIVE UPON PASSAGE] **(a) If a county uses a local option income tax under IC 6-3.5 in 2011 to pay homestead credits, pay property tax replacement credits on homesteads, or freeze the maximum permissible property tax levies (to the extent the levy freeze reduces property taxes on homesteads), the body that imposed the tax in the county may adopt an ordinance that continues in effect all or part of the tax rate that is used for these purposes. The ordinance must be adopted before June 1, 2011.**

(b) If an ordinance is adopted under subsection (a), the revenue from that part of the rate that is continued under this SECTION shall be allocated among all the funds of all the taxing units in the county that receive property tax revenue as though the revenue were property tax revenue.

(c) Before August 2, 2011, the budget agency shall calculate for each county a revised county adjusted gross income tax rate, county option income tax rate, and county economic development income tax rate for purposes of IC 6-3.5. The revised rate is the rate in effect on July 1, 2011, reduced by the part of the rate that is not continued by the county as permitted by subsection (a). The revised rate takes effect October 1, 2011, and continues until it is changed by the county.

(d) This SECTION expires December 31, 2012.

SECTION 121. [EFFECTIVE JULY 1, 2011] **(a) For purposes of IC 6-2.5, as amended by this act, all transactions, except:**

(1) the furnishing of public utility, telephone, or cable television services and commodities by retail merchants described in IC 6-2.5-4-5, IC 6-2.5-4-6, and IC 6-2.5-4-11, all as amended by this act; or

(2) a transaction in which services are delivered before July 1, 2011, and after June 30, 2011, by a retail merchant;

shall be considered as having occurred after June 30, 2011, to the extent that delivery of the property or services constituting selling

C o p y

at retail is made after that date to the purchaser or to the place of delivery designated by the purchaser. However, a transaction shall be considered as having occurred before July 1, 2011, to the extent that the agreement of the parties to the transaction is entered into before July 1, 2011, and payment for the property or services furnished in the transaction is made before July 1, 2011, notwithstanding the delivery of the property or services after June 30, 2011.

(b) With respect to a transaction:

(1) constituting the furnishing of public utility, telephone, or cable television services and commodities by retail merchants described in IC 6-2.5-4-5, IC 6-2.5-4-6, and IC 6-2.5-4-11, all as amended by this act; or

(2) in which services are delivered before July 1, 2011, and after June 30, 2011, by a retail merchant;

only transactions for which the charges are collected on original statements and billings dated after June 30, 2011, shall be considered as having occurred after June 30, 2011.

(c) This SECTION expires July 1, 2012.

SECTION 122. **An emergency is declared for this act.**

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