
SENATE BILL No. 432

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-33-13-5; IC 20-20-36.3.

Synopsis: Property tax rate cap mitigation grants. Provides grants from the state gaming fund to school corporations to replace property tax revenue not received because of the property tax rate cap. Annually appropriates to the department of education from the state gaming fund the amount necessary to make these grants. Provides that if a school corporation loses more than 33% of its property tax revenue because of the property tax rate cap, the school corporation qualifies for a levy replacement grant equal to 80% of the lost amount. Provides that if a school corporation loses not more than 33% of its property tax revenue because of the property tax rate cap, the school corporation may apply for a grant in an amount determined by the department of local government finance.

Effective: July 1, 2011.

Lanane, Broden

January 12, 2011, read first time and referred to Committee on Appropriations.

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First Regular Session 117th General Assembly (2011)

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

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

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

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SENATE BILL No. 432



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

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

1 SECTION 1. IC 4-33-13-5, AS AMENDED BY P.L.96-2010,
2 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2011]: Sec. 5. (a) This subsection does not apply to tax
4 revenue remitted by an operating agent operating a riverboat in a
5 historic hotel district. After funds are appropriated under section 4 of
6 this chapter, each month the treasurer of state shall distribute the tax
7 revenue deposited in the state gaming fund under this chapter to the
8 following:
9 (1) The first thirty-three million dollars (\$33,000,000) of tax
10 revenues collected under this chapter shall be set aside for
11 revenue sharing under subsection (e).
12 (2) Subject to subsection (c), twenty-five percent (25%) of the
13 remaining tax revenue remitted by each licensed owner shall be
14 paid:
15 (A) to the city that is designated as the home dock of the
16 riverboat from which the tax revenue was collected, in the case
17 of:



- 1 (i) a city described in IC 4-33-12-6(b)(1)(A); or
- 2 (ii) a city located in a county having a population of more
- 3 than four hundred thousand (400,000) but less than seven
- 4 hundred thousand (700,000); or
- 5 (B) to the county that is designated as the home dock of the
- 6 riverboat from which the tax revenue was collected, in the case
- 7 of a riverboat whose home dock is not in a city described in
- 8 clause (A).

9 **(3) The amount needed to make grants under IC 20-20-36.3**
 10 **shall be transferred to the department of education to provide**
 11 **distributions to school corporations to mitigate the effect of**
 12 **lost property tax revenue resulting from the property tax rate**
 13 **caps.**

14 ~~(3)~~ **(4)** Subject to subsection (d), the remainder of the tax revenue
 15 remitted by each licensed owner shall be paid to the state general
 16 fund. In each state fiscal year, the treasurer of state shall make the
 17 transfer required by this subdivision not later than the last
 18 business day of the month in which the tax revenue is remitted to
 19 the state for deposit in the state gaming fund. However, if tax
 20 revenue is received by the state on the last business day in a
 21 month, the treasurer of state may transfer the tax revenue to the
 22 state general fund in the immediately following month.

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

- 28 (1) Thirty-seven and one-half percent (37.5%) shall be paid to the
- 29 state general fund.
- 30 (2) Nineteen percent (19%) shall be paid to the West Baden
- 31 Springs historic hotel preservation and maintenance fund
- 32 established by IC 36-7-11.5-11(b). However, at any time the
- 33 balance in that fund exceeds twenty million dollars
- 34 (\$20,000,000), the amount described in this subdivision shall be
- 35 paid to the state general fund.
- 36 (3) Eight percent (8%) shall be paid to the Orange County
- 37 development commission established under IC 36-7-11.5.
- 38 (4) Sixteen percent (16%) shall be paid in equal amounts to each
- 39 town that is located in the county in which the riverboat is located
- 40 and contains a historic hotel. The following apply to taxes
- 41 received by a town under this subdivision:

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

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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

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1 subdivision must be transferred to the school corporation in which
 2 the town is located.
 3 (7) Five percent (5%) shall be paid to a town having a population
 4 of more than three thousand five hundred (3,500) located in a
 5 county having a population of more than nineteen thousand three
 6 hundred (19,300) but less than twenty thousand (20,000). At least
 7 forty percent (40%) of the taxes received by a town under this
 8 subdivision must be transferred to the school corporation in which
 9 the town is located.
 10 (8) Five-tenths percent (0.5%) of the taxes imposed on adjusted
 11 gross receipts received after June 30, 2010, shall be paid to the
 12 Indiana economic development corporation established by
 13 IC 5-28-3-1.
 14 (c) For each city and county receiving money under subsection
 15 (a)(2), the treasurer of state shall determine the total amount of money
 16 paid by the treasurer of state to the city or county during the state fiscal
 17 year 2002. The amount determined is the base year revenue for the city
 18 or county. The treasurer of state shall certify the base year revenue
 19 determined under this subsection to the city or county. The total
 20 amount of money distributed to a city or county under this section
 21 during a state fiscal year may not exceed the entity's base year revenue.
 22 For each state fiscal year, the treasurer of state shall pay that part of the
 23 riverboat wagering taxes that:
 24 (1) exceeds a particular city's or county's base year revenue; and
 25 (2) would otherwise be due to the city or county under this
 26 section;
 27 to the state general fund instead of to the city or county.
 28 (d) Each state fiscal year the treasurer of state shall transfer from the
 29 tax revenue remitted to the state general fund under subsection (a)(3)
 30 to the build Indiana fund an amount that when added to the following
 31 may not exceed two hundred fifty million dollars (\$250,000,000):
 32 (1) Surplus lottery revenues under IC 4-30-17-3.
 33 (2) Surplus revenue from the charity gaming enforcement fund
 34 under IC 4-32.2-7-7.
 35 (3) Tax revenue from pari-mutuel wagering under IC 4-31-9-3.
 36 The treasurer of state shall make transfers on a monthly basis as needed
 37 to meet the obligations of the build Indiana fund. If in any state fiscal
 38 year insufficient money is transferred to the state general fund under
 39 subsection (a)(3) to comply with this subsection, the treasurer of state
 40 shall reduce the amount transferred to the build Indiana fund to the
 41 amount available in the state general fund from the transfers under
 42 subsection (a)(3) for the state fiscal year.

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

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

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

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

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

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

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

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

26 (4) For police and fire pensions.

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

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

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- 1 (i), the amount of an entity's supplemental distribution is equal to:
- 2 (1) the entity's base year revenue (as determined under
- 3 IC 4-33-12-6); minus
- 4 (2) the sum of:
- 5 (A) the total amount of money distributed to the entity during
- 6 the preceding state fiscal year under IC 4-33-12-6; plus
- 7 (B) any amounts deducted under IC 6-3.1-20-7.
- 8 (h) This subsection applies only to a county containing a
- 9 consolidated city. The county auditor shall distribute the money
- 10 received by the county under subsection (e) as follows:
- 11 (1) To each city, other than a consolidated city, located in the
- 12 county according to the ratio that the city's population bears to the
- 13 total population of the county.
- 14 (2) To each town located in the county according to the ratio that
- 15 the town's population bears to the total population of the county.
- 16 (3) After the distributions required in subdivisions (1) and (2) are
- 17 made, the remainder shall be paid in equal amounts to the
- 18 consolidated city and the county.
- 19 (i) This subsection applies only to the Indiana horse racing
- 20 commission. For each state fiscal year the amount of the Indiana horse
- 21 racing commission's supplemental distribution under subsection (g)
- 22 must be reduced by the amount required to comply with
- 23 IC 4-33-12-7(a).
- 24 SECTION 2. IC 20-20-36.3 IS ADDED TO THE INDIANA CODE
- 25 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
- 26 JULY 1, 2011]:
- 27 **Chapter 36.3. Property Tax Circuit Breaker Replacement Grant**
- 28 **Sec. 1. As used in this chapter, "circuit breaker replacement**
- 29 **amount" refers to the amount determined under section 5 of this**
- 30 **chapter.**
- 31 **Sec. 2. As used in this chapter, "credit" refers to a credit**
- 32 **granted under IC 6-1.1-20.6.**
- 33 **Sec. 3. As used in this chapter, "grant" refers to a grant**
- 34 **distributed under this chapter.**
- 35 **Sec. 4. (a) Notwithstanding any other provision, a school**
- 36 **corporation is eligible for a grant under this chapter in 2011 and**
- 37 **each year thereafter if for that particular year the school**
- 38 **corporation's total property tax revenue is expected to be reduced**
- 39 **because of the application of credits in that year.**
- 40 **(b) Subject to subsection (a), an eligible school corporation is**
- 41 **entitled to a grant equal to:**
- 42 **(1) eighty percent (80%) of the eligible school corporation's**

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1 circuit breaker replacement amount for property taxes
 2 imposed for that year if the school corporation loses more
 3 than thirty-three percent (33%) of its property tax revenue
 4 because of the application of credits in that year; or
 5 (2) the amount determined by the department of local
 6 government finance, not to exceed eighty percent (80%) of the
 7 eligible school corporation's circuit breaker replacement
 8 amount, if the school corporation loses not more than
 9 thirty-three percent (33%) of its property tax revenue
 10 because of the application of credits in that year.

11 **Sec. 5. An eligible school corporation's circuit breaker**
 12 **replacement amount is equal to the amount of credits granted**
 13 **against the eligible school corporation's combined levy for the**
 14 **eligible school corporation's debt service fund, capital projects**
 15 **fund, transportation fund, school bus replacement fund, and racial**
 16 **balance fund.**

17 **Sec. 6. (a) The department shall administer the grant program.**
 18 **(b) A school corporation shall apply for a grant under this**
 19 **chapter as prescribed by the department.**

20 **Sec. 7. (a) Not later than July 30 of a calendar year, the budget**
 21 **agency shall certify to the department an initial estimate of the**
 22 **circuit breaker replacement amount attributable to each school**
 23 **corporation for the calendar year.**

24 **(b) Not later than November 1 of a calendar year, the budget**
 25 **agency shall certify to the department a final estimate of the circuit**
 26 **breaker replacement amount attributable to each eligible school**
 27 **corporation for the calendar year.**

28 **(c) The budget agency shall compute an amount certified under**
 29 **this section using the best information available to the budget**
 30 **agency at the time the certification is made.**

31 **Sec. 8. (a) Subject to section 9 of this chapter, the department**
 32 **shall distribute a grant in two (2) equal installments to an eligible**
 33 **school corporation based on the eligible school corporation's**
 34 **estimated grant amount for the calendar year.**

35 **(b) There is annually appropriated to the department from the**
 36 **state gaming fund established by IC 4-33-13-2 the amount**
 37 **necessary to make grants under this chapter.**

38 **Sec. 9. Based on the final estimate of the circuit breaker**
 39 **replacement amount certified to the department by the budget**
 40 **agency, the department shall settle any overpayment or**
 41 **underpayment of grant amounts to an eligible school corporation.**
 42 **The department may offset overpayments of grant amounts for a**

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1 particular calendar year against:
 2 (1) a grant; or
 3 (2) a state tuition support distribution;
 4 that the eligible school corporation would otherwise be entitled to
 5 receive.
 6 **Sec. 10. An eligible school corporation shall deposit and use the**
 7 **amount received from a grant as follows:**
 8 (1) An amount equal to the revenue lost to the eligible school
 9 corporation's debt service fund as the result of the granting of
 10 credits shall be deposited in the eligible school corporation's
 11 debt service fund for purposes of the debt service fund.
 12 (2) Any part of a grant remaining after making the deposit
 13 required under subdivision (1) may be deposited in any
 14 combination of the eligible school corporation's capital
 15 projects fund, transportation fund, school bus replacement
 16 fund, and racial balance fund, as determined by the school
 17 corporation.

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