
HOUSE BILL No. 1089

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-20-3.9.

Synopsis: Referenda on hospital bonds and leases. Requires a referendum on a capital project of a local hospital authority or corporation in Dearborn County, Harrison County, Orange County, Switzerland County, or Ohio County if: (1) money from a riverboat is reasonably expected to be used to pay the cost of the project; (2) property taxes are pledged to pay debt or lease payments if other funds are insufficient to pay the obligations; and (3) the referendum is requested by at least 100 property owners or 5% of the registered voters residing within the political subdivision.

Effective: Upon passage.

Rhoads

January 5, 2011, read first time and referred to Committee on Ways and Means.

C
O
P
Y



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

HOUSE BILL No. 1089



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

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

1 SECTION 1. IC 6-1.1-20-3.9 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE UPON PASSAGE]: **Sec. 3.9. (a) This section applies to**
4 **a capital project:**

- 5 (1) **that is not a controlled project;**
- 6 (2) **that is a project of a local hospital authority or**
7 **corporation that is located in any part in Dearborn County,**
8 **Harrison County, Orange County, Switzerland County, or**
9 **Ohio County, which the general assembly finds to be counties**
10 **in which riverboats (as defined in IC 4-33-2-17) are located**
11 **but each of which has less than one percent (1%) of the**
12 **population and net assessed value of tangible property in**
13 **Indiana;**
- 14 (3) **for which the local hospital authority or corporation**
15 **adopts a resolution or ordinance authorizing:**
 - 16 (A) **the issuance of bonds, notes, or warrants; or**
 - 17 (B) **the execution of a lease;**



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42

after May 8, 2011;

(4) that will cost the local hospital authority or corporation more than the lesser of:

(A) two million dollars (\$2,000,000); or

(B) an amount equal to one percent (1%) of the total gross assessed value of property within the political subdivision on the last assessment date, if that amount is at least one million dollars (\$1,000,000);

(5) for which the local hospital authority or corporation reasonably expects to pay debt service or lease rentals in any part from funds directly or indirectly derived from a tax or fee imposed under IC 4-33, a development agreement (as defined in IC 36-1-8-9.5), or another agreement with a licensed owner (as defined in IC 4-33-2-13) or a riverboat (as defined in IC 4-33-2-17), including funds received from a community foundation; and

(6) for which the local hospital authority or corporation or another political subdivision pledges to levy property taxes to pay the debt service or lease rentals if other funds are insufficient to meet the obligations for the project.

(b) Notwithstanding sections 1, 1.1, and 1.3 of this chapter, for purposes of this section:

(1) "bonds" includes bonds payable from a source other than property taxes;

(2) a reference in this chapter to "controlled project" includes a project described in subsection (a);

(3) "lease" includes leases payable from a source other than property taxes; and

(4) "local hospital authority or corporation" refers to a municipal corporation (as defined in IC 36-1-2-10) established under IC 5-1-4, IC 16-22, or IC 16-23 or otherwise supported in any part by property taxes.

(c) A local hospital authority or corporation may not authorize the use of funds or pledge property taxes to pay or guarantee the payment of debt service on bonds or lease rentals on a lease for a project described in subsection (a) without completing the procedures described in section 3.5 of this chapter. Section 3.5 of this chapter applies to a capital project described in this section, except as follows:

(1) In addition to the information that section 3.5 of this chapter requires a political subdivision to make available to the public at the public hearing on the preliminary

C
O
P
Y



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42

determination, a local hospital authority or corporation shall disclose the amount of current and projected annual revenue that the local hospital authority or corporation expects to receive from each source that the local hospital authority or corporation reasonably expects to use to pay debt service or lease payments for the capital project.

(2) In addition to the information that section 3.5 of this chapter requires a political subdivision to include in a notice of the preliminary determination, a local hospital authority or corporation shall include information describing:

(A) each source of revenue and the amount from each source of revenue that the local hospital authority or corporation reasonably expects to use to pay debt service or lease payments for the capital project;

(B) whether and in which years, over the proposed term of the bonds or lease, there is a reasonable possibility that receipts from the sources described in clause (A) may be less than one and twenty-five hundredths (1.25) times the amount needed to cover the proposed obligations of the local hospital authority or corporation for that year; and

(C) if a deficiency is identified under clause (B), the amount of the potential deficiency in each year.

(3) In addition to the information that section 3.5 of this chapter requires in a petition requesting the application of the local public question process, each petition must indicate that the local hospital authority or corporation proposes to pledge to levy property taxes to pay debt service or lease rentals for the capital project if those other funds are insufficient.

(4) In addition to the information that section 3.5 of this chapter requires a political subdivision to post at least thirty (30) days before the election on the department of local government finance's Internet web site, the information described in subdivision (2) must be posted on the department of local government finance's Internet web site.

(d) If a sufficient petition requesting the application of the local public question process has been filed as set forth in section 3.5 of this chapter (as modified by this section), a local hospital authority or corporation may not authorize the use of funds or pledge property taxes to pay debt service on bonds or lease rentals on a lease for the capital project described in a notice of preliminary determination unless the local hospital authority or corporation's proposed debt service or lease rental is approved in an election on

C
o
p
y



1 a local public question held under section 3.6 of this chapter.
2 Section 3.6 of this chapter applies to a capital project described in
3 this section, except the following question shall be submitted to the
4 eligible voters at the election conducted under this section:

5 "Shall _____ (insert the name of the local hospital
6 authority or corporation) issue bonds or enter into a lease to
7 finance _____ (insert a brief description of the capital
8 project), which is estimated to cost not more than _____
9 (insert the total cost of the project) and pledge to levy
10 property taxes to pay the debt service or lease rentals if other
11 funds are insufficient?"

12 (e) A political subdivision may not artificially divide a capital
13 project into multiple capital projects in order to avoid the
14 requirements of this section.

15 (f) Sections 3.7 and 3.8 of this chapter do not apply to a project
16 to which this section applies.

17 SECTION 2. An emergency is declared for this act.

C
o
p
y

