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# HOUSE BILL No. 1440

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-8-1; IC 6-8.1-1-1; IC 6-10; IC 8-18-8-5; IC 14-14-3.

**Synopsis:** Coal; aggregate and coal bed methane taxation. Increases the petroleum severance tax rates to the greater of: (1) 2% of the value of the petroleum (currently 1%); or (2) \$0.06 per 1,000 cubic feet for natural gas that is not coal bed methane and \$0.25 per 1,000 cubic feet for coal bed methane (currently \$0.03) and \$0.48 per barrel for oil (currently \$0.24). Imposes a coal and aggregate severance tax upon persons that: (1) remove coal from the earth; (2) process coal after its removal; or (3) extract aggregate from natural deposits. Imposes the tax at a rate of 4.5% of the gross value of the coal or aggregate removed or processed within a monthly reporting period. Provides for a minimum tax of \$0.50 per ton. Provides that the minimum tax does not apply to taxpayers who process only coal. Provides the method of determining gross value. Provides penalties for the failure to pay or report the severance tax due. Provides that the department of state revenue administers the tax. Provides that the officers of a corporation that fails to pay the tax are personally liable, jointly and severally, for the amount of unpaid tax. Provides that the tax revenue collected from the  
(Continued next page)

**Effective:** January 1, 2012.

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## Borders

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January 18, 2011, read first time and referred to Committee on Ways and Means.

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petroleum tax on coal bed methane and the coal and aggregate severance tax shall be distributed as follows: (1) 50% to the state general fund. (2) 40% to the county in which the coal bed methane, coal, or aggregate is removed or processed and the cities and towns of the county based on population. (3) 10% to a new fund to make grants for parks and recreation projects throughout Indiana. Provides that the counties, cities, and towns must use the money from the distribution only for local road and street purposes. Establishes a seven member board comprised of two governor appointments who are voting members, four legislative appointments who are nonvoting members, and the director of the department of natural resources, who is a voting member, to decide grant awards from the new parks and recreation grant fund.

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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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# HOUSE BILL No. 1440



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

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

1 SECTION 1. IC 6-8-1-8 IS AMENDED TO READ AS FOLLOWS  
 2 [EFFECTIVE JANUARY 1, 2012]: Sec. 8. A tax at a rate equal to the  
 3 greater of:  
 4 (1) ~~one percent (1%)~~ **two percent (2%)** of the value of the  
 5 petroleum; or  
 6 (2) ~~three cents (\$0.03)~~ **the following:**  
 7 (A) ~~six cents (\$0.06)~~ **per one thousand (1,000) cubic feet**  
 8 **(MCF) for natural gas that is not coal bed methane;**  
 9 **(B) twenty-five cents (\$0.25) per one thousand (1,000)**  
 10 **cubic feet (MCF) for coal bed methane; and twenty-four**  
 11 **cents (\$0.24)**  
 12 **(C) forty-eight cents (\$0.48) per barrel for oil;**  
 13 is hereby imposed as of the time of the severance of such petroleum  
 14 from the land, upon all producers and owners thereof as an excise tax  
 15 for the privilege of severing the ~~same petroleum~~ **petroleum** from the land and  
 16 producing the ~~same petroleum~~ **petroleum** from the well, except when the gas  
 17 from any well is used to pump or treat the ~~same petroleum~~ **petroleum** or when



1 such gas is piped to a landowner's private buildings for the landowner's  
2 own use.

3 SECTION 2. IC 6-8-1-27 IS AMENDED TO READ AS FOLLOWS  
4 [EFFECTIVE JANUARY 1, 2012]: Sec. 27. (a) Money received under  
5 this chapter **with respect to petroleum that is not coal bed methane**  
6 shall be paid by the department into a fund to be kept by the treasurer  
7 of state and known as the oil and gas fund. **Money received under this**  
8 **chapter with respect to petroleum that is coal bed methane shall be**  
9 **transferred monthly to the holding account established by**  
10 **IC 6-10-5-1.**

11 (b) Money paid into ~~this~~ **the oil and gas** fund shall be devoted to the  
12 following purposes upon appropriation:

- 13 (1) To the expenses of administering this chapter.
- 14 (2) To the oil and gas division of the department of natural  
15 resources for the purpose of administering IC 14-37.
- 16 (3) To research pertaining to exploration for, development of, and  
17 wise use of petroleum resources in Indiana.

18 SECTION 3. IC 6-8.1-1-1, AS AMENDED BY P.L.182-2009(ss),  
19 SECTION 247, IS AMENDED TO READ AS FOLLOWS  
20 [EFFECTIVE JANUARY 1, 2012]: Sec. 1. "Listed taxes" or "taxes"  
21 includes only the pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5);  
22 the riverboat admissions tax (IC 4-33-12); the riverboat wagering tax  
23 (IC 4-33-13); the slot machine wagering tax (IC 4-35-8); the type II  
24 gambling game excise tax (IC 4-36-9); the gross income tax (IC 6-2.1)  
25 (repealed); the utility receipts and utility services use taxes (IC 6-2.3);  
26 the state gross retail and use taxes (IC 6-2.5); the adjusted gross income  
27 tax (IC 6-3); the supplemental net income tax (IC 6-3-8) (repealed); the  
28 county adjusted gross income tax (IC 6-3.5-1.1); the county option  
29 income tax (IC 6-3.5-6); the county economic development income tax  
30 (IC 6-3.5-7); the auto rental excise tax (IC 6-6-9); the financial  
31 institutions tax (IC 6-5.5); the gasoline tax (IC 6-6-1.1); the alternative  
32 fuel permit fee (IC 6-6-2.1); the special fuel tax (IC 6-6-2.5); the motor  
33 carrier fuel tax (IC 6-6-4.1); a motor fuel tax collected under a  
34 reciprocal agreement under IC 6-8.1-3; the motor vehicle excise tax  
35 (IC 6-6-5); the commercial vehicle excise tax (IC 6-6-5.5); the excise  
36 tax imposed on recreational vehicles and truck campers (IC 6-6-5.1);  
37 the hazardous waste disposal tax (IC 6-6-6.6); the cigarette tax  
38 (IC 6-7-1); the beer excise tax (IC 7.1-4-2); the liquor excise tax  
39 (IC 7.1-4-3); the wine excise tax (IC 7.1-4-4); the hard cider excise tax  
40 (IC 7.1-4-4.5); the malt excise tax (IC 7.1-4-5); the petroleum  
41 severance tax (IC 6-8-1); the various innkeeper's taxes (IC 6-9); the  
42 various food and beverage taxes (IC 6-9); the county admissions tax

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1 (IC 6-9-13 and IC 6-9-28); **the coal and aggregate severance tax**  
2 **(IC 6-10)**; the regional transportation improvement income tax  
3 (IC 8-24-17); the oil inspection fee (IC 16-44-2); the emergency and  
4 hazardous chemical inventory form fee (IC 6-6-10); the penalties  
5 assessed for oversize vehicles (IC 9-20-3 and IC 9-30); the fees and  
6 penalties assessed for overweight vehicles (IC 9-20-4 and IC 9-30); the  
7 underground storage tank fee (IC 13-23); the solid waste management  
8 fee (IC 13-20-22); and any other tax or fee that the department is  
9 required to collect or administer.

10 SECTION 4. IC 6-10 IS ADDED TO THE INDIANA CODE AS A  
11 NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JANUARY  
12 1, 2012]:

13 **ARTICLE 10. COAL AND AGGREGATE SEVERANCE TAX**

14 **Chapter 1. Definitions**

15 **Sec. 1. The definitions in this chapter apply throughout this**  
16 **article.**

17 **Sec. 2. "Aggregate" means:**

- 18 (1) sand;
- 19 (2) gravel;
- 20 (3) dimension stone;
- 21 (4) limestone;
- 22 (5) gypsum; or
- 23 (6) crushed stone.

24 **Sec. 3. "Coal" includes any material composed predominantly**  
25 **of hydrocarbons in a solid state.**

26 **Sec. 4. "Department" refers to the department of state revenue.**

27 **Sec. 5. "Economic interest" refers to the economic interest**  
28 **required by Internal Revenue Code Section 611, as in effect**  
29 **December 31, 1977, entitling the taxpayer to a depletion deduction**  
30 **for income tax purposes.**

31 **Sec. 6. "Gross value" refers to gross income from property as**  
32 **defined in Section 613(c) of the Internal Revenue Code and United**  
33 **States Department of Treasury Regulations 1.613-3 and 1.613-4, as**  
34 **in effect on December 31, 1977.**

35 **Sec. 7. (a) "Processing" includes the following treatments to**  
36 **coal:**

- 37 (1) Cleaning.
- 38 (2) Breaking.
- 39 (3) Dust allaying.
- 40 (4) Freeze prevention.
- 41 (5) Loading and unloading.
- 42 (6) Sizing.

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**(b) Processing does not include:**

- (1) an act performed by a final consumer if:**
  - (A) the consumer is not a related party to the person who severed or processed the coal; and**
  - (B) the act is performed at the site where coal is consumed to generate electricity; or**
- (2) the loading or unloading for shipment of coal that has not been severed or treated in Indiana.**

**Sec. 8. "Registered taxpayer" refers to a taxpayer who holds a valid severance tax certificate of registration under IC 6-10-3 during the period in which the taxpayer's coal or aggregate is sold.**

**Sec. 9. "Related party" means two (2) or more persons, organizations, or businesses owned or controlled directly or indirectly by the same interest.**

**Sec. 10. "Reporting period" means the period in which each taxpayer shall compute the taxpayer's tax liability and remit the tax due to the department.**

**Sec. 11. "Severance" refers to either of the following:**

- (1) The physical removal of coal from the earth.**
- (2) The extraction, removal, or recovery of aggregate from natural deposits.**

**"Sever", "severed", and "severing" have corresponding meanings.**

**Sec. 12. "Taxpayer" includes a pass through entity.**

**Sec. 13. "Ton" means a short ton of two thousand (2,000) pounds.**

**Chapter 2. Determination of Tax Amount**

**Sec. 1. (a) A severance tax is imposed on each taxpayer engaged in:**

- (1) severing coal in Indiana;**
- (2) processing coal in Indiana; or**
- (3) severing aggregate in Indiana.**

**The tax applies to aggregate severed or coal severed or processed after December 31, 2011.**

**(b) Except as provided in subsections (c) and (d), the severance tax is imposed at the rate of four and five-tenths percent (4.5%) of the gross value of all:**

- (1) coal severed or processed; or**
- (2) aggregate severed;**

**during a reporting period.**

**(c) This subsection does not apply to a taxpayer who only processes coal. The minimum tax for a taxpayer's reporting period is determined by multiplying the total number of tons severed by**

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the taxpayer during the reporting period by fifty cents (\$0.50).

(d) For coal used for burning solid waste, the severance tax is the lesser of:

- (1) fifty cents (\$0.50) per ton; or
- (2) four percent (4%) of the selling price per ton.

**Sec. 2.** Each taxpayer shall report the gross value of the coal or aggregate that the taxpayer severed or processed during the preceding month at the time and in the manner prescribed by the department. However, the department may authorize a quarterly reporting period.

**Sec. 3. (a)** Gross value is determined as follows:

- (1) If the coal is severed or processed, or both, during a reporting period and sold during the same reporting period, gross value equals the amount received or receivable by the taxpayer for the sale of the coal.
- (2) If the coal is severed or processed, or both, during a reporting period but not sold during the same reporting period, the gross value is determined as follows:
  - (A) If the coal is to be sold under the terms of an existing contract, the contract price is used to compute gross value.
  - (B) If no contract exists, the fair market value for the grade and quality of the coal is used to compute gross value.
- (3) If severed coal is purchased for processing and resale, the gross value is the amount received or receivable during the reporting period reduced by the amount paid or payable to the registered taxpayer actually severing the coal.
- (4) If severed coal is purchased for processing and consumption, the gross value is the fair market value of processed coal of similar grade and quality reduced by the amount paid or payable to the registered taxpayer actually severing the coal.
- (5) If the aggregate is severed during a reporting period and sold during the same reporting period, gross value equals the amount received or receivable by the taxpayer for the sale of the aggregate.
- (6) If the aggregate is severed during a reporting period but not sold during the same reporting period, the gross value is determined as follows:
  - (A) If the aggregate is to be sold under the terms of a contract, the contract price is used to compute gross value.
  - (B) If no contract exists, the fair market value for the

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grade and quality of the aggregate is used to compute gross value.

(7) If a transaction involves related parties, gross value is the amount received or receivable from the first noncontrolled sale by the related parties. However, if coal or aggregate is sold to a related party for consumption, gross value is an amount not less than the fair market value for coal or aggregate of similar grade and quality.

(8) In the absence of a sale, gross value is the fair market value for coal or aggregate of a similar grade and quality.

(b) Gross value may not be reduced by any taxes, including the tax imposed under this chapter, royalties, sales commissions, or other expenses.

Sec. 4. (a) If a contract, either written or oral, is entered into by a person that:

(1) is engaged to sever or process coal or to sever aggregate; and

(2) does not obtain title to or have an economic interest in the coal or aggregate;

the party that owns the coal or aggregate or has an economic interest in the coal or aggregate is the taxpayer.

(b) A party that receives only an arm's length royalty is not considered to have an economic interest for purposes of subsection (a).

**Chapter 3. Certificate of Registration and Administration**

Sec. 1. (a) A taxpayer engaged in severing aggregate or severing or processing coal shall file an application for a certificate of registration on a form prescribed by the department.

(b) Each application must be signed by the taxpayer or an agent of the taxpayer. If the taxpayer is a partnership or association, the application must be signed by a member. If the taxpayer is a corporation, the application must be signed by an executive officer or other person specifically authorized by the corporation to sign the application.

Sec. 2. A taxpayer must submit a severance tax return on a form prescribed by the department before the twentieth day of the month after the reporting period in which coal is severed or processed. The taxpayer must submit the amount of severance tax due with the severance tax return. The taxpayer must submit a return for each reporting period even though there may be no severance tax liability.

Sec. 3. If a taxpayer fails to comply with this chapter or a rule

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1 adopted under this chapter, the department may suspend or revoke  
2 the taxpayer's certificate of registration.

3 **Sec. 4. (a) A taxpayer, including an officer of a corporation, who**  
4 **recklessly, knowingly, or intentionally severs or processes coal in**  
5 **Indiana without obtaining a certificate of registration, or after a**  
6 **certificate of registration has been revoked, commits a Class B**  
7 **misdemeanor.**

8 **(b) A taxpayer, including an officer of a corporation, who**  
9 **recklessly, knowingly, or intentionally severs aggregate in Indiana**  
10 **without obtaining a certificate of registration, or after a certificate**  
11 **of registration has been revoked, commits a Class B misdemeanor.**

12 **Sec. 5. (a) The department may authorize a taxpayer processing**  
13 **coal to report and pay the tax that would be due from the taxpayer**  
14 **severing the coal.**

15 **(b) An authorization under subsection (a) must be in the form**  
16 **of an agreement executed by the taxpayer processing the coal, the**  
17 **taxpayer severing the coal, and the department. The agreement**  
18 **must be on a form prescribed by the department.**

19 **(c) The agreement must be signed by each taxpayer that is a**  
20 **party to the agreement and by the commissioner of the**  
21 **department. If a taxpayer is a partnership or association, the**  
22 **application must be signed by a member. If a taxpayer is a**  
23 **corporation, the application must be signed by an executive officer**  
24 **or other person specifically authorized by the corporation to sign**  
25 **the application.**

26 **(d) The agreement may be terminated by a party after thirty**  
27 **(30) days written notice to the other parties. However, the**  
28 **department may terminate the agreement immediately upon**  
29 **written notice to the other parties if either the taxpayer severing**  
30 **the coal or the taxpayer processing the coal fails to comply with the**  
31 **terms of the agreement.**

32 **Sec. 6. (a) The department shall provide to all registered**  
33 **taxpayers that sell severed or processed coal that will subsequently**  
34 **be claimed as a reduction from gross value for purchased coal**  
35 **under IC 6-10-2-3(a)(3) a certificate prescribed by the department**  
36 **for the processor of the coal to verify the processor's reduction**  
37 **from gross value for purchased coal.**

38 **(b) If a processor purchases coal that has been severed outside**  
39 **Indiana, the processor shall obtain a certificate from the person**  
40 **severing the coal on a form prescribed by the department to verify**  
41 **the purchased coal.**

42 **Sec. 7. (a) A reduction from gross value for purchased coal**

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1 under IC 6-10-2-3(a)(3) may not be allowed for purchases of coal  
2 originating from persons severing coal in Indiana who have not  
3 registered to report and pay the tax imposed under this article.

4 (b) A reduction from gross value for purchased coal under  
5 IC 6-10-2-3(a)(3) may not be allowed for purchases of coal that  
6 cannot be traced to the person who severed the coal outside  
7 Indiana.

8 Sec. 8. The department shall adopt rules under IC 4-22-2 to  
9 implement this article.

10 Chapter 4. Payment of Tax

11 Sec. 1. (a) Each taxpayer charged with the duty to file reports  
12 and pay the severance tax imposed under this article shall post a  
13 cash or corporate surety bond in an amount prescribed by the  
14 department.

15 (b) The department may bring an action for a restraining order  
16 or a temporary or permanent injunction to restrain or enjoin the  
17 taxpayer's business until the bond is posted. The department may  
18 bring the action in the Marion County circuit court or in the circuit  
19 court of the county in which the taxpayer's business is located.

20 Sec. 2. The department may suspend or revoke a taxpayer's  
21 certificate of registration if the taxpayer fails to comply with this  
22 chapter.

23 Sec. 3. (a) If a taxpayer:

- 24 (1) fails to pay the full amount of tax imposed under this
- 25 article as shown on the taxpayer's return by the due date for
- 26 the return or for the payment;
- 27 (2) fails to report the tax due under this article;
- 28 (3) falsifies a return required under this article; or
- 29 (4) incurs a deficiency upon the determination of the
- 30 department;

31 the taxpayer is subject to a penalty and interest on the unpaid tax.

32 (b) Interest applies at the rate established in IC 6-8.1-10-1 from  
33 the date the tax becomes delinquent until the date the tax is paid.

34 (c) A taxpayer described in subsection (a) is subject to a penalty  
35 in an amount determined by the department under IC 6-8.1-10.

36 Sec. 4. (a) Notwithstanding any other provisions of this article,  
37 the president, vice president, secretary, treasurer, or other person  
38 holding an equivalent corporate office of a corporation subject to  
39 this article is personally liable, jointly and severally, for the tax  
40 imposed under this article.

41 (b) The following events do not discharge the personal liability  
42 of an officer described in subsection (a):

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1           (1) The dissolution of the corporation.  
2           (2) The withdrawal of the corporation from Indiana.  
3           (3) The officer's cessation of holding office.  
4           (c) Personal liability under subsection (a) applies to each person  
5 holding corporate office at the time the taxes become due.  
6           (d) A person who does not have authority in the management of  
7 the business or financial affairs of the corporation at the time the  
8 taxes are imposed may not be held personally liable for the tax  
9 imposed under this article.  
10          Sec. 5. A taxpayer that knowingly, recklessly, or intentionally:  
11           (1) fails to file returns required under this article;  
12           (2) fails to remit the tax due under this article; or  
13           (3) falsifies or alters a certificate or other form required  
14 under this article;  
15 commits a Class B misdemeanor.  
16          Chapter 5. Use of Tax Revenue  
17          Sec. 1. (a) A special holding account within the state general  
18 fund is established for depositing taxes collected under this article  
19 and to receive transfers of petroleum severance taxes attributable  
20 to coal bed methane as provided in IC 6-8-1-27. The department  
21 shall deposit monthly the taxes that are collected under this article.  
22          (b) Before the fifth working day of each month, the treasurer of  
23 state shall transfer and distribute the money in the account at the  
24 end of the preceding month as follows:  
25           (1) Fifty percent (50%) to the general account of the state  
26 general fund.  
27           (2) Forty percent (40%) to be allocated among the counties in  
28 which:  
29           (A) coal is severed or processed;  
30           (B) aggregate is severed; or  
31           (C) coal bed methane is severed.  
32          The treasurer of state shall distribute to the county treasurer  
33 the amount of severance taxes imposed in the county. The  
34 county treasurer shall allocate the severance taxes among the  
35 county and the cities and towns in the county as provided in  
36 section 3 of this chapter.  
37           (3) Ten percent (10%) to the parks and recreation grant fund  
38 established by IC 14-14-3-6.  
39          (c) Money in the account is appropriated to make the  
40 distributions to counties and to the parks and recreation fund as  
41 required by this chapter. Money in the account at the end of a state  
42 fiscal year does not revert to the state general fund.

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1           **Sec. 2. A distribution from the account established under section**  
 2 **1 of this chapter shall be made by warrants issued by the auditor**  
 3 **of state to the treasurer of state ordering the appropriate**  
 4 **payments.**

5           **Sec. 3. (a) A county treasurer shall allocate the amount received**  
 6 **under this chapter among the county and each city and town within**  
 7 **the county based on population. For purposes of this section, a**  
 8 **county's population is the population in the unincorporated area**  
 9 **of the county. This allocation shall be made as part of the June and**  
 10 **December settlement each year.**

11           **(b) Money allocated to a county, city, or town under this section**  
 12 **shall be deposited in the unit's fund that is dedicated to highway,**  
 13 **road, or street purposes. Money allocated to a county, city, or town**  
 14 **under this section may be used only to pay expenses incurred in the**  
 15 **improvement and maintenance of the county highways and local**  
 16 **roads and streets.**

17           SECTION 5. IC 8-18-8-5 IS AMENDED TO READ AS FOLLOWS  
 18 [EFFECTIVE JANUARY 1, 2012]: Sec. 5. (a) Except as provided in  
 19 subsection (c), all expenses incurred in the maintenance of county  
 20 highways shall be paid out of funds from the gasoline tax, special fuel  
 21 tax, and the motor vehicle registration fees that are paid to the counties  
 22 by the state, and from funds derived from **one (1) or more of the**  
 23 **following:**

- 24           (1) County motor vehicle excise surtax.  
 25           (2) County wheel tax.  
 26           (3) County adjusted gross income tax.  
 27           (4) County option income tax.  
 28           (5) Riverboat admission tax (IC 4-33-12). ~~or~~  
 29           (6) Riverboat wagering tax (IC 4-33-13).  
 30           **(7) Petroleum severance taxes (IC 6-8-1) attributable to coal**  
 31 **bed methane.**  
 32           **(8) Coal and aggregate severance tax (IC 6-10).**

33           (b) Except as provided in subsection (c), no ad valorem property tax  
 34 may be levied by any county for the maintenance of county highways,  
 35 except in an emergency and by unanimous vote of the county fiscal  
 36 body.

37           (c) The county fiscal body may appropriate money from the county  
 38 general fund to the county highway department to pay for employees'  
 39 personal services.

40           SECTION 6. IC 14-14-3 IS ADDED TO THE INDIANA CODE AS  
 41 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 42 JANUARY 1, 2012]:

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**Chapter 3. Parks and Recreation Grants**

**Sec. 1. As used in this chapter, "board" refers to the parks and recreation grant board established by section 3 of this chapter.**

**Sec. 2. As used in this chapter, "fund" refers to the parks and recreation grant fund established by section 6 of this chapter.**

**Sec. 3. (a) The parks and recreation grant board is established.**

**(b) The board consists of the following seven (7) members:**

**(1) The director as an ex officio voting member who shall serve as the chairperson of the board.**

**(2) One (1) voting member appointed by the governor who must have an interest in and knowledge of parks and recreation.**

**(3) The executive director of the Indiana Park and Recreation Association, or its successor association if it does not exist, as an ex officio voting member.**

**(4) Four (4) nonvoting advisory members appointed as follows:**

**(A) Two (2) members, who are not members of the same political party, appointed by the president pro tempore of the senate with advice from the minority leader of the senate.**

**(B) Two (2) members, who are not members of the same political party, appointed by the speaker of the house of representatives with advice from the minority leader of the house of representatives.**

**(c) The term of office of a member of the board:**

**(1) is two (2) years; and**

**(2) continues until the member's successor is appointed and qualified.**

**(d) If a vacancy occurs in the appointed membership of the board, the appointing authority shall appoint a member to fill the vacancy for the remainder of the unexpired term.**

**(e) The director shall serve on the board without additional compensation.**

**(f) A voting member of the board or an adviser is not entitled to the minimum salary per diem provided by IC 4-10-11-2.1(b). A voting member of the board is, however, entitled to reimbursement for traveling expenses as provided under IC 4-13-1-4 and other expenses actually incurred in connection with the duties of the member as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.**

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- 1 (g) The board shall meet at least quarterly. The meetings of the
- 2 board shall be held in accordance with IC 5-14-1.5.
- 3 (h) A majority of the voting members of the board constitutes
- 4 a quorum for doing business. Two (2) votes are required for
- 5 passage of any matter put to a vote.
- 6 Sec. 4. (a) The board shall establish procedures and
- 7 requirements governing the conduct of the board's meetings.
- 8 (b) The chairperson of the board shall do the following:
- 9 (1) Act as the executive and operating officer of the board.
- 10 (2) Determine the time and place of meetings.
- 11 (3) Preside at meetings.
- 12 (4) Carry out the policy decisions of the board.
- 13 (5) Perform all other duties and functions assigned by the
- 14 board or by law.
- 15 (c) The chairperson of the board shall afford any person
- 16 attending a public meeting of the board an adequate opportunity
- 17 to comment through the oral or written presentation of facts or
- 18 argument.
- 19 Sec. 5. The board shall do the following:
- 20 (1) Develop a grant application procedure for requests for
- 21 grants from the fund.
- 22 (2) Develop criteria for the awarding of grants from the fund.
- 23 (3) Provide a forum for discussion and deliberation on
- 24 matters pertaining to making grants under this chapter.
- 25 (4) Apply for and accept gifts and grants, which must be
- 26 deposited in the fund and used for the purposes of this
- 27 chapter, and enter into lawful agreements that are required
- 28 as a condition for receiving gifts, grants, or other money for
- 29 the purposes of this chapter.
- 30 Sec. 6. (a) The parks and recreation grant fund is established to
- 31 receive a part of the taxes collected under IC 6-8-1 and IC 6-10-5.
- 32 The fund shall be administered by the board.
- 33 (b) Money in the fund is appropriated to make grants under this
- 34 chapter. Money in the fund at the end of a state fiscal year does not
- 35 revert to the state general fund.
- 36 (c) The fund may be used to provide grants to applicants for the
- 37 following purposes:
- 38 (1) To strengthen Indiana's economy by focusing investment
- 39 on parks and recreation projects.
- 40 (2) To accelerate job creation through training and education
- 41 initiatives to enhance the skills and employment prospects of
- 42 Indiana's workforce in the parks and recreation industry.

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**(3) To facilitate the development of parks and recreation sites throughout Indiana.**

**(4) To encourage public-private partnerships focused on development of parks and recreation projects.**

**Sec. 7. (a) A person may apply for a grant from the fund using the procedures established by the board. The board shall analyze grant applications based on the criteria adopted by the board and make an assessment of each grant request. The board shall give priority to applications that meet two (2) or more of the purposes listed in section 6 of this chapter.**

**(b) The board shall determine by majority vote whether an applicant is awarded a grant, including the amount of the grant, its duration, and any appropriate grant conditions.**

**(c) A grant may not exceed fifty percent (50%) of the applicant's project costs.**

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