February 24, 2012

ENGROSSED
HOUSE BILL No. 1072

DIGEST OF HB 1072 (Updated February 21, 2012 12:48 pm - DI 73)

Citations Affected: IC 4-10; IC 5-1; IC 5-11; IC 5-14; IC 5-28; IC 6-1.1; IC 6-2.3; IC 6-2.5; IC 6-3; IC 6-3.1; IC 6-3.5; IC 6-7; IC 6-8.1; IC 6-9; IC 8-14; IC 36-1; IC 36-2; IC 36-3; IC 36-7; IC 36-8; IC 36-9; IC 36-12; noncode.

Synopsis: Tax administration. Specifies the assessed value for outdoor signs for the 2011 through 2014 assessment dates. Requires the commission on state tax and financing policy to study the assessment of outdoor signs. Specifies that the value of federal income tax credits under Section 42 of the Internal Revenue Code awarded after December 31, 2012, must be used for purposes of determining the assessed value of low income housing tax credit property. Permits the fiscal body of a city or town, or the county, in the case of an unincorporated area, to authorize the unit's redevelopment commission to establish a residential historic rehabilitation grant program. Changes dates for budget and levy adoption actions. Changes certain property

(Continued next page)

Effective: Upon passage; January 1, 2011 (retroactive); March 1, 2011 (retroactive); January 1, 2012 (retroactive); July 1, 2012; January 1, 2013; July 1, 2013.

Espich, Welch

(SENATE SPONSORS — HERSHMAN, KENLEY, BRODEN)

January 9, 2012, read first time and referred to Committee on Ways and Means.
January 23, 2012, amended, reported — Do Pass.
January 27, 2012, read second time, amended, ordered engrossed.
January 30, 2012, engrossed. Read third time, passed. Yeas 90, nays 5.

SENATE ACTION

February 1, 2012, read first time and referred to Committee on Tax and Fiscal Policy.
February 23, 2012, amended, reported favorably — Do Pass.

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tax related reporting requirements. Provides a 100% property tax assessed value deduction for a solar power device used to generate electricity that is installed after December 31, 2011. Provides that a person leasing real property with a solar power device is eligible for the deduction if the person is subject to assessment for the solar power device. Provides that the projection of the jobs to be created by a project funded from the Indiana twenty-first century research and technology fund may not be kept confidential. Specifies that the amount that may be excluded from assessed value for the purposes of calculating budgets, property tax rates, and property tax levies may not exceed 2% of net assessed value (rather than 2% of assessed value, under current law) without approval by the department of local government finance (DLGF). Specifies that notices concerning final actions on budgets, property tax rates, and property tax levies shall be given electronically rather than in writing. Changes the formula for applying the circuit breaker among debt and nondebt levies. Makes political subdivisions with nonelected governing bodies subject to review and adoption of the political subdivision's budget by a county, city, or town fiscal body. Requires approval of the supplemental appropriations of a political subdivision with a nonelected governing body by a county, city, or town fiscal body. Replaces a separate certification by county auditors concerning the amount of circuit breaker credits granted to taxpayers with an annual report by the DLGF. Exempts from the utility receipts tax any payments of severance damages or other compensation resulting from a change in assigned service area boundaries between electricity suppliers. Provides that a sales tax refund claim based on the exemption for electrical energy, natural or artificial gas, water, steam, and steam heat may not cover transactions that occur more than 36 months (rather than 18 months, under current law) before the date of the refund claim. Provides a sales tax exemption for sales of wrapping material and empty containers that are acquired for shipping or delivering certain tangible personal property. Specifies that industrial processors and those engaged in floriculture and arboriculture do not have to file a sales tax refund claim if the utility service is separately metered, or it has been determined that the utility service is predominantly used in industrial processing, horticulture, or arboriculture. Provides certain sales tax exemptions concerning recycling. Eliminates the requirement to add back amounts excluded from gross income for federal income tax purposes as annual employer provided education expenses and qualified transportation fringe benefits exceeding $100 a month. Extends the Hoosier business investment tax credit, the venture capital investment tax credit, the alternative fuel vehicle manufacturer tax credit, and the new employer tax credit through December 31, 2016. Changes the procedures for submitting a certified copy of ordinances related to local income taxes to the state to require in all cases that the certified copy be sent to the commissioner of the department of state revenue, the director of the budget agency, and the commissioner of the DLGF by certified mail or in an approved electronic format within 10 days after adoption. Changes the schedule on which revenue from county adjusted gross income taxes and county economic development taxes (CEDIT) are distributed to counties from a biannual schedule to a monthly schedule. Eliminates provisions that provide for distribution of revenues from certain local income taxes on a quarterly basis in the initial year of adoption. Removes (from current law) the prohibition of taking a case to the tax court if the department of state revenue takes longer than three years to settle a claim. Allows the county council of Starke County to adopt an ordinance imposing an additional EDIT rate for the purposes of: (1) financing, constructing, acquiring, and equipping the county jail and related buildings and parking facilities; and (2) operating or maintaining those facilities. Specifies that the maximum additional tax rate. Repeals: (1) authority to impose a local income tax to fund the expenses of prosecuting a capital case in Parke

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Digest Continued

County; (2) authority to impose a local income tax to provide revenue for remediation of a superfund site in Tippecanoe County; and (3) expired authority to grant a tax rate to replace revenue lost from elimination of the inventory tax. Specifies that the city-county council in Marion County must take certain actions by November 1 (rather than September 1, under current law). Permits Miami County to adopt an ordinance in 2012 that immediately takes effect to change the combination of local homestead credits and property tax replacement credits provided in the county under the county option income tax rate used to provide property tax relief to taxpayers. Specifies the allocation of Allen County food and beverage taxes between the supplemental coliseum improvement fund and the food and beverage tax fund, including the reserve account, administered by the capital improvement board. Specifies the allocation of covered taxes earned in the Allen County professional sports development tax area between the coliseum professional sports and convention development area fund, administered by the Allen County Memorial Coliseum board of trustees, and the capital improvement board. Authorizes the Town of Fishers (town) to adopt, before October 1, 2012, an ordinance to impose a 1% town food and beverage tax. Specifies that the revenue from the tax must be used to reduce the town's actual property tax levy (but not maximum permissible levy) or for any legal or corporate purpose of the town, including the pledge of money to bonds, leases, or other obligations. Provides that upon petition by Barkley Township or Union Township in Jasper County, the DLGF shall increase the township's maximum property tax levy for fire protection by the lesser of: (1) the amount of the increase requested in the petition; or (2) the amount necessary to increase the township's maximum property tax levy for fire protection for property taxes first due and payable in 2013 to the amount of the township's maximum property tax levy for fire protection that applied to taxes first due and payable in 2003. Provides that money distributed from the motor vehicle highway account and the local road and street account to cities and towns may be used for the same purposes. Updates population parameters to reflect the 2010 census.

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February 24, 2012

Second Regular Session 117th General Assembly (2012)

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 2011 Regular Session of the General Assembly.

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ENGROSSED
HOUSE BILL No. 1072

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

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

SECTION 1. IC 4-10-13-0.1 IS REPEALED [EFFECTIVE JULY 1, 2012]. ~~Sec. 0.1. The amendments made to section 5 of this chapter by P.L.98-1989 apply to boating years beginning after December 31, 1989.~~

SECTION 2. IC 4-10-13-5 IS REPEALED [EFFECTIVE JULY 1, 2012]. ~~Sec. 5. (a) The department of local government finance shall prepare and publish each year the following report which must contain the following property tax data by counties or by appropriate taxing jurisdictions:~~

~~(1) The tax rates of the various taxing jurisdictions.~~

~~(2) An abstract of taxable real property including a recital of the number of parcels and the gross assessed valuation of nonfarm residential property including improvements thereon, the number of parcels and the gross assessed valuation of commercial and industrial real property, including improvements thereon, the~~

~~number of parcels and the gross assessed valuation of unimproved real property, the number of parcels and the gross assessed valuation of agricultural acreage including improvements thereon, and the total amount of the gross assessed valuation of real estate and the total assessed valuation of improvements thereon. The abstract shall also include a recital of the total amount of net valuation of real property.~~

~~(3) The total assessed valuation of personal property belonging to steam and electric railways and to public utilities.~~

~~(4) The total number of taxpayers and the total assessed valuation of household goods and personal effects, excluding boats subject to the boat excise tax under IC 6-6-11.~~

~~(5) The total number of units assessed and the assessed valuation of each of the following items of personal property:~~

~~(A) Privately owned, noncommercial passenger cars.~~

~~(B) Commercial passenger cars.~~

~~(C) Trucks and tractors.~~

~~(D) Motorcycles.~~

~~(E) Buses.~~

~~(F) Mobile homes.~~

~~(G) Boats.~~

~~(H) Airplanes.~~

~~(I) Farm machinery.~~

~~(J) Livestock.~~

~~(K) Crops.~~

~~(6) The total number of taxpayers and the total valuation of inventories and other personal property belonging to retail establishments, wholesale establishments, manufacturing establishments, and commercial establishments.~~

~~(b) The department of local government finance is hereby authorized to prescribe and promulgate the forms as are necessary for the obtaining of such information from local assessing officials. The local assessing officials are directed to comply with this section.~~

SECTION 3. IC 5-1-18-6, AS AMENDED BY P.L.219-2007, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 6. A political subdivision that issues bonds or enters into a lease after December 31, 2005, shall supply the department with ~~information concerning the bond issue or lease not later than December 31 of the year in~~ **a debt issuance report not later than one (1) month after the date on** which the bonds are issued or the lease is executed.

SECTION 4. IC 5-1-18-7, AS ADDED BY P.L.199-2005,

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SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 7. (a) Except as provided by subsection (b), the ~~bond issue information~~ **debt issuance report** required by section 6 of this chapter must be submitted on a form prescribed by the department and must include **the following information concerning bonds:**

(1) The par value of the bond issue.

(2) A schedule of maturities and interest rates.

(3) The purposes of the bond issue.

(4) The itemized costs of issuance information, including fees for bond counsel, other legal counsel, underwriters, and financial advisors.

(5) The type of bonds that are issued. ~~and~~

(6) Other information as required by the department.

A copy of the official statement and bond covenants, if any, must be supplied with this information.

(b) ~~The department may establish a procedure that permits~~ A political subdivision or a person acting on behalf of a political subdivision ~~to transfer all or part of the information~~ **shall submit the debt issuance report information** described in subsection (a) to the department ~~in a uniform format through a secure connection over the Internet or through other electronic means.~~ **electronically, in the manner prescribed by the department.**

(c) For taxes due and payable for an assessment date after January 15, 2012, the department may not approve an appropriation or a property tax levy that is associated with a debt unless the debt issuance report for the debt has been submitted to the department.

SECTION 5. IC 5-1-18-8, AS ADDED BY P.L.199-2005, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 8. (a) Except as provided by subsection (b), the lease information required by section 6 of this chapter must be submitted on a form prescribed by the department and must include **the following information concerning leases:**

(1) The term of the lease.

(2) The annual and total amount of lease rental payments due under the lease.

(3) The purposes of the lease.

(4) The itemized costs incurred by the political subdivision with respect to the preparation and execution of the lease, including fees for legal counsel and other professional advisors.

(5) If all or part of the lease rental payments are used by the lessor as debt service payments for bonds issued for the acquisition,

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construction, renovation, improvement, expansion, or use of a building, structure, or other public improvement for the political subdivision:

(A) the name of the lessor;

(B) the par value of the bond issue; and

(C) the purposes of the bond issue. ~~and~~

(6) Other information as required by the department.

(b) ~~The department may establish a procedure that permits~~ A political subdivision or a person acting on behalf of a political subdivision ~~to transfer all or part of the information~~ **shall submit the debt issuance report information** described in subsection (a) to the department ~~in a uniform format through the Internet or other electronic means, as determined~~ **electronically, in the manner prescribed** by the department.

(c) For taxes due and payable for an assessment date after January 15, 2012, the department may not approve an appropriation or a property tax levy that is associated with a debt unless the debt issuance report for the debt has been submitted to the department.

SECTION 6. IC 5-1-18-9, AS ADDED BY P.L.199-2005, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 9. **(a) This subsection applies to reporting that occurs before January 1, 2013.** Each political subdivision that has any outstanding bonds or leases shall submit a report to the department before March 1 of 2006 and each year thereafter that includes a summary of all the outstanding bonds of the political subdivision as of January 1 of that year. The report must:

(1) distinguish the outstanding bond issues and leases on the basis of the type of bond or lease, as determined by the department;

(2) include a comparison of the political subdivision's outstanding indebtedness compared to any applicable statutory or constitutional limitations on indebtedness;

(3) include other information as required by the department; and

(4) be submitted on a form prescribed by the department or through the Internet or other electronic means, as determined by the department.

(b) This subsection applies to reporting that occurs after December 31, 2012. The department may annually require each political subdivision to verify to the department that the list of indebtedness and related details in the department's database are current and accurate.

SECTION 7. IC 5-11-1-4, AS AMENDED BY P.L.172-2011,

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SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. ~~The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision.~~ **The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7.**

(b) The department of local government finance may not approve the budget of a political subdivision or a supplemental appropriation for a political subdivision until the political subdivision files an annual report under subsection (a) for the preceding calendar year.

SECTION 8. IC 5-11-13-1, AS AMENDED BY P.L.172-2011, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) Every state, county, city, town, township, or school official, elective or appointive, who is the head of or in charge of any office, department, board, or commission of the state or of any county, city, town, or township, and every state, county, city, town, or township employee or agent who is the head of, or in charge of, or the executive officer of any department, bureau, board, or commission of the state, county, city, town, or township, and every executive officer by whatever title designated, who is in charge of any state educational institution or of any other state, county, or city institution, shall during the month of January of each year prepare, make, and sign a ~~written or printed~~ certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents in their respective offices, departments, boards, commissions, and institutions, and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts. **The report must also indicate whether the political subdivision offers a health plan, a pension, and other benefits to full-time and part-time employees.** However, no more than one (1) report covering the same officers, employees, and agents need be made from the state or any county, city, town, township, or school unit in any one year. **The certification must be filed electronically in the manner prescribed under IC 5-14-3.8-7.**

(b) The department of local government finance may not approve the budget of a county, city, town, or township or a supplemental

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appropriation for a county, city, town, or township until the county, city, town, or township files an annual report under subsection (a) for the preceding calendar year.

SECTION 9. IC 5-14-3.8-7, AS ADDED BY P.L.172-2011, SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. The department may require that prescribed forms be submitted in an electronic format. **The department, working with the office of technology established by IC 4-13.1-2-1 or another organization that is part of a state educational institution, shall develop and maintain a secure, web-based system that facilitates electronic submission of the forms under this section. Political subdivisions shall submit forms under this section through the web-based system as prescribed by the department.**

SECTION 10. IC 5-28-16-3, AS ADDED BY P.L.4-2005, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) An application requesting a grant or loan from the fund must be targeted to one (1) or more of the areas listed in section 2 of this chapter.

(b) A successful applicant for a grant or loan from the fund must meet the requirements of this section and be approved by the board. An application for a grant or loan from the fund must be made on an application form prescribed by the board. An applicant shall provide all information that the board finds necessary to make the determinations required by this chapter.

(c) All applications for a grant or loan from the fund must include the following:

(1) A fully elaborated technical research or business plan, whichever applies, that is appropriate for review by outside experts as provided in this chapter.

(2) A detailed financial analysis that includes the commitment of resources by other entities that will be involved in the project.

(3) A statement of the economic development potential of the project, such as:

(A) a statement of the way in which support from the fund will lead to significantly increased funding from federal or private sources and from private sector research partners; or

(B) a projection of the jobs to be created.

(4) The identity, qualifications, and obligations of the applicant.

(5) Any other information that the board considers appropriate.

An applicant for a grant or loan from the fund may request that certain information that is submitted by the applicant be kept confidential. **However, an applicant's projection of the jobs to be created by a**

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project may not be kept confidential. The board shall make a determination of confidentiality as soon as is practicable. If the board determines that the information should not be kept confidential, the applicant may withdraw the application, and the board must return the information before making it part of any public record.

(d) An application for a grant or loan from the fund submitted by an academic researcher must be made through the office of the president of the researcher's academic institution with the express endorsement of the institution's president. An application for a grant or loan from the fund submitted by a private researcher must be made through the office of the highest ranking officer of the researcher's institution with the express endorsement of the institution. Any other application must be made through the office of the highest ranking officer of the entity submitting the application. In the case of an application for a grant or loan from the fund that is submitted jointly by one (1) or more researchers or entities, the application must be endorsed by each institution or entity as required by this subsection.

SECTION 11. IC 6-1.1-1-3, AS AMENDED BY P.L.146-2008, SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 3. (a) Except as provided in subsection (b), "assessed value" or "assessed valuation" means an amount equal to:

(1) for assessment dates before March 1, 2001, thirty-three and one-third percent (33 1/3%) of the true tax value of property; and

(2) for assessment dates after February 28, 2001, the true tax value of property.

(b) For purposes of calculating a budget, rate, or levy under IC 6-1.1-17, IC 6-1.1-18, IC 6-1.1-18.5, IC 6-1.1-20, IC 20-46-4, IC 20-46-5, and IC 20-46-6, "assessed value" or "assessed valuation" does not include the **net** assessed value of tangible property excluded and kept separately on a tax duplicate by a county auditor under IC 6-1.1-17-0.5.

SECTION 12. IC 6-1.1-3-24 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2011 (RETROACTIVE)]: **Sec. 24. (a) In determining the assessed value of various sizes of outdoor advertising signs for the 2011 through 2014 assessment dates, a taxpayer and assessing official shall use the following table without any adjustments:**

Single Pole Structure

Type of Sign	Value Per Structure
At least 48 feet, illuminated	**$5,000**
At least 48 feet, non-illuminated	**$4,000**
At least 26 feet and under 48 feet, illuminated	**$4,000**

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At least 26 feet and under 48 feet, non-illuminated	**$3,300**
Under 26 feet, illuminated	**$3,200**
Under 26 feet, non-illuminated	**$2,600**
Other Types of Outdoor Signs	
At least 50 feet, illuminated	**$2,500**
At least 50 feet, non-illuminated	**$1,500**
At least 40 feet and under 50 feet, illuminated	**$2,000**
At least 40 feet and under 50 feet, non-illuminated	**$1,300**
At least 30 feet and under 40 feet, illuminated	**$2,000**
At least 30 feet and under 40 feet, non-illuminated	**$1,300**
At least 20 feet and under 30 feet, illuminated	**$1,600**
At least 20 feet and under 30 feet, non-illuminated	**$1,000**
Under 20 feet, illuminated	**$1,600**
Under 20 feet, non-illuminated	**$1,000**

(b) During the 2012 legislative interim, the commission on state tax and financing policy shall study the assessment of outdoor signs. Before January 1, 2013, the commission shall report to the general assembly on any suggested changes in the law with regard to assessing outdoor signs.

(c) This section expires July 1, 2015.

SECTION 13. IC 6-1.1-4-40 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2013]: Sec. 40. The value of federal income tax credits awarded under Section 42 of the Internal Revenue Code **after December 31, 2012,** ~~may not~~ **shall** be considered in determining the assessed value of low income housing tax credit property.

SECTION 14. IC 6-1.1-11-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 8. (a) On or before August 1 of each year, the county auditor of each county shall forward to the department of local government finance the duplicate copies of all approved exemption applications.

(b) The department of local government finance ~~shall~~ **may** review the approved applications forwarded under subsection (a). The department of local government finance may deny an exemption if the department determines that the property is not tax exempt under the laws of this state. However, before denying an exemption, the department of local government finance must give notice to the applicant, and the department must hold a hearing on the exemption

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application.

~~(c) With respect to the approved applications forwarded under subsection (a), the department shall annually report to the executive director of the legislative services agency:~~

~~(1) the number forwarded;~~

~~(2) the number subjected to field investigation by the department; and~~

~~(3) the number denied by the department;~~

~~during the year ending on July 1 of the year. The department must submit the report under this subsection not later than August 1 of the year and in an electronic format under IC 5-14-6.~~

~~(d)~~ **(c)** The department shall adopt rules under IC 4-22-2 with respect to exempt real property to:

(1) provide just valuations; and

(2) ensure that assessments are:

(A) made; and

(B) recorded;

in accordance with law.

SECTION 15. IC 6-1.1-12-26.1 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)]: **Sec. 26.1. (a) This section applies only to a solar power device that is installed after December 31, 2011.**

(b) This section does not apply to a solar power device that is owned or operated by a person that provides electricity at wholesale or retail for consideration other than a person that:

(1) participates in a net metering or feed-in-tariff program offered by an electric utility with respect to the solar power device; or

(2) is the owner or host of the solar power device site and a person consumes on the site the equivalent amount of electricity that is generated by the solar power device on an annual basis even if the electricity is sold to a public utility, including a solar power device directly serving a public utility's business operations site.

(c) For purposes of this section, "solar power device" means a device, such as a solar thermal, a photovoltaic, or other solar energy system, that is designed to use the radiant light or heat from the sun to produce electricity.

(d) The owner of real property equipped with a solar power device that is assessed as a real property improvement may have deducted annually from the assessed value of the real property an

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amount equal to:

(1) the assessed value of the real property with the solar power device included; minus

(2) the assessed value of the real property without the solar power device.

(e) The owner of a solar power device that is assessed as:

(1) distributable property under IC 6-1.1-8; or

(2) personal property;

may have deducted annually the assessed value of the solar power device.

SECTION 16. 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 (RETROACTIVE)]: Sec. 27.1. Except as provided in sections 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 **or 26.1** 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, **manufactured home, or solar power device** is subject to assessment. With respect to real property **or a solar power device that is assessed as distributable property under IC 6-1.1-8 or as personal property,** the person must file the statement during the year for which the person desires to obtain the deduction. Except as provided in sections 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 own the solar power device;** ~~or~~

(2) be buying the real property, mobile home, ~~or~~ manufactured home, **or solar power device** under contract; **or**

(3) be leasing the real property from the real property owner and be subject to assessment and property taxation with respect to the solar power device;

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 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, **manufactured home, or solar power device** is subject to assessment, or the county assessor if there is no township assessor for the township, the county auditor shall allow the deduction.

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SECTION 17. IC 6-1.1-12-41, AS AMENDED BY P.L.146-2008, SECTION 118, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 41. (a) This section does not apply to assessment years beginning after December 31, 2005.

(b) As used in this section, "assessed value of inventory" means the assessed value determined after the application of any deductions or adjustments that apply by statute or rule to the assessment of inventory, other than the deduction allowed under subsection (f).

(c) As used in this section, "county income tax council" means a council established by IC 6-3.5-6-2.

(d) As used in this section, "fiscal body" has the meaning set forth in IC 36-1-2-6.

(e) As used in this section, "inventory" has the meaning set forth in IC 6-1.1-3-11 (repealed).

(f) An ordinance may be adopted in a county to provide that a deduction applies to the assessed value of inventory located in the county. The deduction is equal to one hundred percent (100%) of the assessed value of inventory located in the county for the appropriate year of assessment. An ordinance adopted under this section in a particular year applies:

(1) if adopted before March 31, 2004, to each subsequent assessment year ending before January 1, 2006; and

(2) if adopted after March 30, 2004, and before June 1, 2005, to the March 1, 2005, assessment date.

An ordinance adopted under this section may be consolidated with an ordinance adopted under ~~IC 6-3.5-7-25 or~~ IC 6-3.5-7-26. The consolidation of an ordinance adopted under this section with an ordinance adopted under IC 6-3.5-7-26 does not cause the ordinance adopted under IC 6-3.5-7-26 to expire after December 31, 2005.

(g) An ordinance may not be adopted under subsection (f) after May 30, 2005. However, an ordinance adopted under this section:

(1) before March 31, 2004, may be amended after March 30, 2004; and

(2) before June 1, 2005, may be amended after May 30, 2005;

to consolidate an ordinance adopted under IC 6-3.5-7-26.

(h) The entity that may adopt the ordinance permitted under subsection (f) is:

(1) the county income tax council if the county option income tax is in effect on January 1 of the year in which an ordinance under this section is adopted;

(2) the county fiscal body if the county adjusted gross income tax is in effect on January 1 of the year in which an ordinance under

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this section is adopted; or

(3) the county income tax council or the county fiscal body, whichever acts first, for a county not covered by subdivision (1) or (2).

To adopt an ordinance under subsection (f), 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. The entity that adopts the ordinance shall provide a certified copy of the ordinance to the department of local government finance before February 1.

(i) A taxpayer is not required to file an application to qualify for the deduction permitted under subsection (f).

(j) The department of local government finance shall incorporate the deduction established in this section in the personal property return form to be used each year for filing under IC 6-1.1-3-7 or IC 6-1.1-3-7.5 to permit the taxpayer to enter the deduction on the form. If a taxpayer fails to enter the deduction on the form, the township assessor, or the county assessor if there is no township assessor for the township, shall:

(1) determine the amount of the deduction; and

(2) within the period established in IC 6-1.1-16-1, issue a notice of assessment to the taxpayer that reflects the application of the deduction to the inventory assessment.

(k) The deduction established in this section must be applied to any inventory assessment made by:

(1) an assessing official;

(2) a county property tax board of appeals; or

(3) the department of local government finance.

SECTION 18. IC 6-1.1-15-10, AS AMENDED BY P.L.146-2008, SECTION 139, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 10. (a) If a petition for review to any board or a proceeding for judicial review in the tax court regarding an assessment or increase in assessment is pending, the taxes resulting from the assessment or increase in assessment are, notwithstanding the provisions of IC 6-1.1-22-9, not due until after the petition for review, or the proceeding for judicial review, is finally adjudicated and the assessment or increase in assessment is finally determined. However, even though a petition for review or a proceeding for judicial review is pending, the taxpayer shall pay taxes on the tangible property when the property tax installments come due, unless the collection of the taxes is enjoined under IC 33-26-6-2 pending a final determination in the proceeding for judicial review. The amount of taxes which the taxpayer is required to pay, pending the final determination of the assessment or

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increase in assessment, shall be based on:

(1) the assessed value reported by the taxpayer on the taxpayer's personal property return if a personal property assessment, or an increase in such an assessment, is involved; or

(2) an amount based on the immediately preceding year's assessment of real property if an assessment, or increase in assessment, of real property is involved.

(b) If the petition for review or the proceeding for judicial review is not finally determined by the last installment date for the taxes, the taxpayer, upon showing of cause by a taxing official or at the tax court's discretion, may be required to post a bond or provide other security in an amount not to exceed the taxes resulting from the contested assessment or increase in assessment.

(c) Each county auditor shall keep separate on the tax duplicate a record of that portion of the assessed value of property that is described in IC 6-1.1-17-0.5(b). When establishing rates and calculating state school support, the department of local government finance shall exclude from assessed value in the county the **net** assessed value of property kept separate on the tax duplicate by the county auditor under IC 6-1.1-17-0.5.

SECTION 19. IC 6-1.1-17-0.5, AS AMENDED BY P.L.182-2009(ss), SECTION 113, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 0.5. (a) For purposes of this section, **"net** assessed value" ~~has the meaning set forth in IC 6-1.1-1-3(a).~~ **means assessed value after the application of deductions, exemptions, and abatements.**

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

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

(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~~ **district** located in the county, the county auditor may reduce for a calendar year the taxing ~~unit's~~ **district's net**

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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~~ **district** for taxes first due and payable in the immediately succeeding calendar year. The county auditor may reduce a taxing ~~unit's~~ **district's net** assessed value under this subsection only to enable the taxing ~~unit~~ **district** 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.~~ **district.**

(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 for the calendar year under IC 6-1.1-12-37 or IC 6-1.1-12-44 after the county auditor certifies **net** 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 **net** assessed value as described in this section.

(4) 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~~ **district's net** assessed value for a calendar year under subsection (d) may not exceed two percent (2%) of the **net** assessed value of tangible property subject to assessment in the taxing ~~unit~~ **district** 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.

SECTION 20. IC 6-1.1-17-1, AS AMENDED BY P.L.1-2010, SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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JULY 1, 2012]: 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;

(5) the amount of the political subdivision's **net** assessed valuation reduction determined under section 0.5(d) 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

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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 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 21. IC 6-1.1-17-3, AS AMENDED BY P.L.182-2009(ss), SECTION 114, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 3. (a) The proper officers of a political subdivision shall formulate its estimated budget and its proposed tax rate and tax levy on the form prescribed by the department of local government finance and approved by the state board of accounts. The political subdivision **or appropriate fiscal body, if the political subdivision is subject to section 20 of this chapter,** shall give notice by publication to taxpayers of:

(1) the estimated budget;

(2) the estimated maximum permissible levy;

(3) the current and proposed tax levies of each fund; and

(4) the amounts of excessive levy appeals to be requested.

~~In the notice,~~ The political subdivision **or appropriate fiscal body** shall also state the time and place at which **the political subdivision or appropriate fiscal body will hold** a public hearing ~~will be held~~ on these items. The **political subdivision or appropriate fiscal body**

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shall publish the notice ~~shall be published~~ twice in accordance with IC 5-3-1 with the first publication at least ten (10) days before the date fixed for the public hearing. ~~Beginning in 2009, The duties required by this subsection must be completed before September 10 of the calendar year.~~ **The first publication must be before September 14, and the second publication must be before September 21 of the year. The political subdivision shall pay for the publishing of the notice.**

(b) The board of directors of a solid waste management district established under IC 13-21 or IC 13-9.5-2 (before its repeal) may conduct the public hearing required under subsection (a):

(1) in any county of the solid waste management district; and

(2) in accordance with the annual notice of meetings published under IC 13-21-5-2.

(c) The trustee of each township in the county shall estimate the amount necessary to meet the cost of township assistance in the township for the ensuing calendar year. The township board shall adopt with the township budget a tax rate sufficient to meet the estimated cost of township assistance. The taxes collected as a result of the tax rate adopted under this subsection are credited to the township assistance fund.

~~(d) This subsection expires January 1, 2009. A county shall adopt with the county budget and the department of local government finance shall certify under section 16 of this chapter a tax rate sufficient to raise the levy necessary to pay the following:~~

~~(1) The cost of child services (as defined in IC 12-19-7-1) of the county payable from the family and children's fund.~~

~~(2) The cost of children's psychiatric residential treatment services (as defined in IC 12-19-7.5-1) of the county payable from the children's psychiatric residential treatment services fund.~~

~~A budget, tax rate, or tax levy adopted by a county fiscal body or approved or modified by a county board of tax adjustment that is less than the levy necessary to pay the costs described in subdivision (1) or (2) shall not be treated as a final budget, tax rate, or tax levy under section 11 of this chapter.~~

SECTION 22. IC 6-1.1-17-3.5, AS AMENDED BY P.L.182-2009(ss), SECTION 115, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 3.5. (a) This section does not apply to ~~civil~~ taxing units located in a county in which a county board of tax adjustment reviews budgets, tax rates, and tax levies. This section does not apply to a ~~civil~~ taxing unit that has its proposed budget and proposed property tax levy approved under section 20 of this chapter or IC 36-3-6-9.

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(b) This section applies to a ~~civil~~ taxing unit other than a county. If a ~~civil~~ taxing unit will impose property taxes due and payable in the ensuing calendar year, the ~~civil~~ taxing unit shall file **the following information in the manner prescribed by the department of local government finance** with the fiscal body of the county in which the ~~civil~~ taxing unit is located:

(1) A statement of the proposed or estimated tax rate and tax levy for the ~~civil~~ taxing unit for the ensuing budget year. ~~and~~

(2) **In the case of a taxing unit other than a school corporation,** a copy of the ~~civil~~ taxing unit's proposed budget for the ensuing budget year.

(c) In the case of a ~~civil~~ taxing unit located in more than one (1) county, the ~~civil~~ taxing unit shall file the information under subsection (b) with the fiscal body of the county in which the greatest part of the ~~civil~~ taxing unit's net assessed valuation is located.

(d) A ~~civil~~ taxing unit must file the information under subsection (b) ~~at least forty-five (45) days before the civil taxing unit fixes its tax rate and tax levy and adopts its budget under this chapter.~~ **before September 2 of a year.**

(e) A county fiscal body shall complete the following ~~at least fifteen (15) days before the civil taxing unit fixes its tax rate and tax levy and adopts its budget under this chapter:~~ **in a manner prescribed by the department of local government finance before October 2 of a year:**

(1) Review any proposed or estimated tax rate or tax levy ~~or proposed budget~~ filed by a ~~civil~~ taxing unit with the county fiscal body under this section.

(2) In the case of a taxing unit other than a school corporation, review any proposed or estimated budget filed by a taxing unit with the county fiscal body under this section.

~~(2)~~ **(3)** Issue a nonbinding recommendation to a ~~civil~~ taxing unit regarding the ~~civil~~ taxing unit's proposed or estimated tax rate or tax levy. ~~or proposed budget.~~

(4) In the case of a taxing unit other than a school corporation, issue a nonbinding recommendation to a taxing unit regarding the taxing unit's proposed budget.

(f) The recommendation under subsection (e) must include a comparison of any increase in the ~~civil~~ taxing unit's budget or tax levy to:

(1) the average increase in Indiana nonfarm personal income for the preceding six (6) calendar years and the average increase in nonfarm personal income for the county for the preceding six (6)

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calendar years; and

(2) increases in the budgets and tax levies of other ~~civil~~ taxing units in the county.

(g) The department of local government finance must provide each county fiscal body with the most recent available information concerning increases in Indiana nonfarm personal income and increases in county nonfarm personal income.

(h) If a ~~civil~~ taxing unit fails to file the information required by subsection (b) with the fiscal body of the county in which the ~~civil~~ taxing unit is located by the time prescribed in subsection (d), the most recent annual appropriations and annual tax levy of that ~~civil~~ taxing unit are continued for the ensuing budget year.

(i) If a county fiscal body fails to complete the requirements of subsection (e) before the deadline in subsection (e) for any ~~civil~~ taxing unit subject to this section, the most recent annual appropriations and annual tax levy of the county are continued for the ensuing budget year.

SECTION 23. IC 6-1.1-17-8.5, AS ADDED BY P.L.154-2006, SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 8.5. (a) If a county auditor reduces a taxing unit's **net** assessed valuation under section 0.5(d) of this chapter, the department of local government finance shall, in the manner prescribed in section 16 of this chapter, review the budget, tax rate, and tax levy of the taxing unit.

(b) The county auditor may appeal to the department of local government finance to reduce a taxing unit's **net** assessed valuation by an amount that exceeds the limits set forth in section 0.5(e) of this chapter. The department of local government finance:

(1) may require the county auditor to submit supporting information with the county auditor's appeal;

(2) shall consider the appeal at the time of the review required by subsection (a); and

(3) may approve, modify and approve, or reject the amount of the reduction sought in the appeal.

SECTION 24. IC 6-1.1-17-16, AS AMENDED BY P.L.182-2009(ss), SECTION 123, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 16. (a) Subject to the limitations and requirements prescribed in this section, the department of local government finance may revise, reduce, or increase a political subdivision's budget by fund, tax rate, or tax levy which the department reviews under section 8 or 10 of this chapter.

(b) Subject to the limitations and requirements prescribed in this section, the department of local government finance may review,

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revise, reduce, or increase the budget by fund, tax rate, or tax levy of any of the political subdivisions whose tax rates compose the aggregate tax rate within a political subdivision whose budget, tax rate, or tax levy is the subject of an appeal initiated under this chapter.

(c) Except as provided in subsections (j) and (k), before the department of local government finance reviews, revises, reduces, or increases a political subdivision's budget by fund, tax rate, or tax levy under this section, the department must hold a public hearing on the budget, tax rate, and tax levy. The department of local government finance shall hold the hearing in the county in which the political subdivision is located. The department of local government finance may consider the budgets by fund, tax rates, and tax levies of several political subdivisions at the same public hearing. At least five (5) days before the date fixed for a public hearing, the department of local government finance shall give notice of the time and place of the hearing and of the budgets by fund, levies, and tax rates to be considered at the hearing. The department of local government finance shall publish the notice in two (2) newspapers of general circulation published in the county. However, if only one (1) newspaper of general circulation is published in the county, the department of local government finance shall publish the notice in that newspaper.

(d) Except as provided in subsection (i), IC 20-46, or IC 6-1.1-18.5, the department of local government finance may not increase a political subdivision's budget by fund, tax rate, or tax levy to an amount which exceeds the amount originally fixed by the political subdivision. However, if the department of local government finance determines that IC 5-3-1-2.3(b) applies to the tax rate, tax levy, or budget of the political subdivision, the maximum amount by which the department may increase the tax rate, tax levy, or budget is the amount originally fixed by the political subdivision, and not the amount that was incorrectly published or omitted in the notice described in IC 5-3-1-2.3(b). The department of local government finance shall give the political subdivision ~~written~~ notification **electronically in the manner prescribed by the department of local government finance** specifying any revision, reduction, or increase the department proposes in a political subdivision's tax levy or tax rate. The political subdivision has ten (10) calendar days from the date the political subdivision receives the notice to provide a ~~written~~ response ~~to~~ **electronically in the manner prescribed by** the department of local government ~~finance's Indianapolis office.~~ **finance.** The response may include budget reductions, reallocation of levies, a revision in the amount of miscellaneous revenues, and further review of any other item about

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which, in the view of the political subdivision, the department is in error. The department of local government finance shall consider the adjustments as specified in the political subdivision's response if the response is provided as required by this subsection and shall deliver a final decision to the political subdivision.

(e) The department of local government finance may not approve a levy for lease payments by a city, town, county, library, or school corporation if the lease payments are payable to a building corporation for use by the building corporation for debt service on bonds and if:

(1) no bonds of the building corporation are outstanding; or

(2) the building corporation has enough legally available funds on hand to redeem all outstanding bonds payable from the particular lease rental levy requested.

(f) The department of local government finance shall certify its action to:

(1) the county auditor;

(2) the political subdivision if the department acts pursuant to an appeal initiated by the political subdivision;

(3) the taxpayer that initiated an appeal under section 13 of this chapter, or, if the appeal was initiated by multiple taxpayers, the first ten (10) taxpayers whose names appear on the statement filed to initiate the appeal; and

(4) a taxpayer that owns property that represents at least ten percent (10%) of the taxable assessed valuation in the political subdivision.

(g) The following may petition for judicial review of the final determination of the department of local government finance under subsection (f):

(1) If the department acts under an appeal initiated by a political subdivision, the political subdivision.

(2) If the department:

(A) acts under an appeal initiated by one (1) or more taxpayers under section 13 of this chapter; or

(B) fails to act on the appeal before the department certifies its action under subsection (f);

a taxpayer who signed the statement filed to initiate the appeal.

(3) If the department acts under an appeal initiated by the county auditor under section 14 of this chapter, the county auditor.

(4) A taxpayer that owns property that represents at least ten percent (10%) of the taxable assessed valuation in the political subdivision.

The petition must be filed in the tax court not more than forty-five (45)

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days after the department certifies its action under subsection (f).

(h) The department of local government finance is expressly directed to complete the duties assigned to it under this section not later than February 15th of each year for taxes to be collected during that year.

(i) Subject to the provisions of all applicable statutes, the department of local government finance may increase a political subdivision's tax levy to an amount that exceeds the amount originally fixed by the political subdivision if the increase is:

(1) requested in writing by the officers of the political subdivision;

(2) either:

(A) based on information first obtained by the political subdivision after the public hearing under section 3 of this chapter; or

(B) results from an inadvertent mathematical error made in determining the levy; and

(3) published by the political subdivision according to a notice provided by the department.

(j) The department of local government finance shall annually review the budget by fund of each school corporation not later than April 1. The department of local government finance shall give the school corporation written notification specifying any revision, reduction, or increase the department proposes in the school corporation's budget by fund. A public hearing is not required in connection with this review of the budget.

(k) The department of local government finance may hold a hearing under subsection (c) only if the notice required in section 12 of this chapter is published at least ten (10) days before the date of the hearing.

SECTION 25. IC 6-1.1-17-20, AS AMENDED BY P.L.113-2010, SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 20. (a) This section applies to each governing body of a taxing unit that

~~(1)~~ is not comprised of a majority of officials who are elected to serve on the governing body. ~~and~~

~~(2) either:~~

~~(A) is:~~

~~(i) a conservancy district subject to IC 14-33-9;~~

~~(ii) a solid waste management district subject to IC 13-21; or~~

~~(iii) a fire protection district subject to IC 36-8-11-18; or~~

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~~(B) has a percentage increase in the proposed budget for the taxing unit for the ensuing calendar year that is more than the result of:~~

~~(i) the assessed value growth quotient determined under IC 6-1.1-18.5-2 for the ensuing calendar year; minus~~

~~(ii) one (1).~~

For purposes of this section, an individual who qualifies to be appointed to a governing body or serves on a governing body because of the individual's status as an elected official of another taxing unit shall be treated as an official who was not elected to serve on the governing body.

(b) As used in this section, "taxing unit" has the meaning set forth in IC 6-1.1-1-21, except that the term does not include ~~(1) a school corporation; or (2)~~ an entity whose tax levies are subject to review and modification by a city-county legislative body under IC 36-3-6-9.

(c) If:

(1) the assessed valuation of a taxing unit is entirely contained within a city or town; or

(2) the assessed valuation of a taxing unit is not entirely contained within a city or town but the taxing unit was originally established by the city or town;

the governing body shall submit its proposed budget and property tax levy to the city or town fiscal body. The proposed budget and levy shall be submitted ~~at least thirty (30) days before the city or town fiscal body is required to hold budget approval hearings under this chapter.~~ **to the city or town fiscal body in the manner prescribed by the department of local government finance before September 2 of a year.** However, in the case of a public library that is subject to this section and is described in subdivision (2), the public library shall submit its proposed budget and property tax levy to the county fiscal body in the manner provided in subsection (d), rather than to the city or town fiscal body, if more than fifty percent (50%) of the parcels of real property within the jurisdiction of the public library are located outside the city or town.

(d) If subsection (c) does not apply, the governing body of the taxing unit shall submit its proposed budget and property tax levy to the county fiscal body in the county where the taxing unit has the most assessed valuation. The proposed budget and levy shall be submitted ~~at least thirty (30) days before the county fiscal body is required to hold budget approval hearings under this chapter.~~

(e) The fiscal body of the city, town, or county (whichever applies) shall review each budget and proposed tax levy and adopt a final

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budget and tax levy for the taxing unit. The fiscal body may reduce or modify but not increase the proposed budget or tax levy.

(f) If a taxing unit fails to file the information required in subsection (c) or (d), whichever applies, with the appropriate fiscal body by the time prescribed by this section, the most recent annual appropriations and annual tax levy of that taxing unit are continued for the ensuing budget year.

(g) If the appropriate fiscal body fails to complete the requirements of subsection (e) before the adoption deadline in section 5 of this chapter for any taxing unit subject to this section, the most recent annual appropriations and annual tax levy of the city, town, or county, whichever applies, are continued for the ensuing budget year.

SECTION 26. IC 6-1.1-18-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 5. (a) If the proper officers of a political subdivision desire to appropriate more money for a particular year than the amount prescribed in the budget for that year as finally determined under this article, they shall give notice of their proposed additional appropriation. The notice shall state the time and place at which a public hearing will be held on the proposal. The notice shall be given once in accordance with IC 5-3-1-2(b).

(b) If the additional appropriation by the political subdivision is made from a fund that receives:

(1) distributions from the motor vehicle highway account established under IC 8-14-1-1 or the local road and street account established under IC 8-14-2-4; or

(2) revenue from property taxes levied under IC 6-1.1;

the political subdivision must report the additional appropriation to the department of local government finance. If the additional appropriation is made from a fund described under this subsection, subsections (f), (g), (h), and (i) apply to the political subdivision.

(c) However, if the additional appropriation is not made from a fund described under subsection (b), subsections (f), (g), (h), and (i) do not apply to the political subdivision. Subsections (f), (g), (h), and (i) do not apply to an additional appropriation made from the cumulative bridge fund if the appropriation meets the requirements under IC 8-16-3-3(c).

(d) A political subdivision may make an additional appropriation without approval of the department of local government finance if the additional appropriation is made from a fund that is not described under subsection (b). However, the fiscal officer of the political subdivision shall report the additional appropriation to the department of local government finance.

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(e) After the public hearing, the proper officers of the political subdivision shall file a certified copy of their final proposal and any other relevant information to the department of local government finance.

(f) When the department of local government finance receives a certified copy of a proposal for an additional appropriation under subsection (e), the department shall determine whether sufficient funds are available or will be available for the proposal. The determination shall be made in writing and sent to the political subdivision not more than fifteen (15) days after the department of local government finance receives the proposal.

(g) In making the determination under subsection (f), the department of local government finance shall limit the amount of the additional appropriation to revenues available, or to be made available, which have not been previously appropriated.

(h) If the department of local government finance disapproves an additional appropriation under subsection (f), the department shall specify the reason for its disapproval on the determination sent to the political subdivision.

(i) A political subdivision may request a reconsideration of a determination of the department of local government finance under this section by filing a written request for reconsideration. A request for reconsideration must:

(1) be filed with the department of local government finance within fifteen (15) days of the receipt of the determination by the political subdivision; and

(2) state with reasonable specificity the reason for the request.

The department of local government finance must act on a request for reconsideration within fifteen (15) days of receiving the request.

(j) This subsection applies to an additional appropriation by a political subdivision that must have the political subdivision's annual appropriations and annual tax levy adopted by a city, town, or county fiscal body under IC 6-1.1-17-20 or by a legislative or fiscal body under IC 36-3-6-9. The fiscal or legislative body of the city, town, or county that adopted the political subdivision's annual appropriation and annual tax levy must adopt the additional appropriation by ordinance before the department of local government finance may approve the additional appropriation.

SECTION 27. IC 6-1.1-20.6-9.8, AS ADDED BY P.L.172-2011, SECTION 42, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 9.8. (a) This section applies to property taxes first due and payable after December 31, 2009.

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(b) ~~As used in~~ **The following definitions** ~~this section:~~ **apply throughout this section:**

(1) ~~"exempt taxes"~~ **"Debt service obligations of a political subdivision" refers to:**

(A) the principal and interest payable during a calendar year on bonds; and

(B) lease rental payments payable during a calendar year on leases;

of a political subdivision payable from ad valorem property taxes.

(2) "Protected taxes" refers to the following:

(A) Property taxes that are exempted from the application of a credit granted under section 7 or 7.5 of this chapter by section 7(b), 7(c), 7.5(b), or 7.5(c) of this chapter or another law. ~~and (2) "nonexempt taxes"~~

(B) Property taxes imposed by a political subdivision to pay for debt service obligations of a political subdivision that are not exempted from the application of a credit granted under section 7 or 7.5 of this chapter by section 7(b), 7(c), 7.5(b), or 7.5(c) of this chapter or any other law. Property taxes described in this subsection are subject to the credit granted under section 7 or 7.5 of this chapter by section 7(b), 7(c), 7.5(b), or 7.5(c) regardless of their designation as protected taxes.

(3) "Unprotected taxes" refers to property taxes that are not ~~exempt~~ **protected** taxes.

(c) The total amount collected from ~~exempt~~ **protected** taxes shall be allocated to the fund for which the ~~exempt~~ **protected** taxes were imposed as if no credit were granted under section 7 or 7.5 of this chapter. The total amount of the loss in revenue resulting from the granting of credits under section 7 or 7.5 of this chapter must reduce only the amount of ~~nonexempt~~ **unprotected** property taxes distributed to a fund in proportion to the ~~nonexempt~~ **unprotected** rate tax imposed for that fund relative to the total of all ~~nonexempt~~ **unprotected** tax rates imposed by the taxing unit.

SECTION 28. IC 6-1.1-20.6-10, AS AMENDED BY P.L.172-2011, SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 10. (a) As used in this section, "debt service obligations of a political subdivision" refers to:

(1) the principal and interest payable during a calendar year on bonds; and

(2) lease rental payments payable during a calendar year on

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leases;

of a political subdivision payable from ad valorem property taxes.

(b) Political subdivisions are required by law to fully fund the payment of their debt obligations in an amount sufficient to pay any debt service or lease rentals on outstanding obligations, regardless of any reduction in property tax collections due to the application of tax credits granted under this chapter. ~~If the amount deposited in a fund from which debt service obligations of the political subdivision are paid is reduced as a result of the application of a credit granted under this chapter below the amount needed to meet the debt service obligations of a political subdivision as the obligations come due, the political subdivision may transfer funds from one (1) or more of the other funds of the political subdivision.~~

(c) Upon the failure of a political subdivision to pay any of the political subdivision's debt service obligations during a calendar year when due, the treasurer of state, upon being notified of the failure by a claimant, shall pay the unpaid debt service obligations that are due from money in the possession of the state that would otherwise be available for distribution to the political subdivision under any other law, deducting the payment from the amount distributed. A deduction under this subsection must be made:

(1) first from distributions of county adjusted gross income tax distributions under IC 6-3.5-1.1, county option income tax distributions under IC 6-3.5-6, or county economic development income tax distributions under IC 6-3.5-7 that would otherwise be distributed to the county under the schedule in IC 6-3.5-1.1-10, IC 6-3.5-1.1-21.1, IC 6-3.5-6-16, IC 6-3.5-6-17.3, IC 6-3.5-7-17, and IC 6-3.5-7-17.3; and

(2) second from any other undistributed funds of the political subdivision in the possession of the state.

(d) This section shall be interpreted liberally so that the state shall to the extent legally valid ensure that the debt service obligations of each political subdivision are paid when due. However, this section does not create a debt of the state.

SECTION 29. IC 6-1.1-20.6-11, AS ADDED BY P.L.146-2008, SECTION 227, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 11. The ~~county auditor of each county shall certify to the~~ department of local government finance

~~(1) the total amount of credits that are allowed under this chapter in the county for the calendar year; and~~

~~(2)~~ **shall annually publish a report on its Internet web site that lists** the amount that each taxing unit's distribution of property

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taxes will be reduced under section 9.5 of this chapter as a result of the granting of the credits.

~~If the amount of credits granted changes after the date the certification is made, the county auditor shall submit an amended certification to the department of local government finance. The initial certification and the amended certifications shall be submitted to the department of local government finance on the schedule prescribed by the department of local government finance.~~

SECTION 30. IC 6-1.1-21.8-5, AS AMENDED BY P.L.146-2008, SECTION 245, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 5. The maximum amount that the board may loan to a qualified taxing unit is determined under STEP FOUR of the following formula:

STEP ONE: Determine the amount of the taxpayer's property taxes due and payable in November 2001 that are attributable to the qualified taxing unit as determined by the department of local government finance.

STEP TWO: Multiply the STEP ONE amount by one and thirty-one thousandths (1.031).

STEP THREE: Multiply the STEP TWO product by two (2).

STEP FOUR: Add the STEP ONE amount to the STEP THREE product.

However, in the case of a qualified taxing unit that is a school corporation, the amount determined under STEP FOUR shall be reduced by the board to the extent that the school corporation receives relief in the form of adjustments to the school corporation's **net** assessed valuation under IC 6-1.1-17-0.5 or **assessed valuation under** IC 6-1.1-19-5.3.

SECTION 31. IC 6-1.1-30-17, AS ADDED BY P.L.146-2008, SECTION 268, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 17. (a) Except as provided in subsection (c) and subject to subsection (d), the department of state revenue and the auditor of state shall, when requested by the department of local government finance, withhold a percentage of the distributions of county adjusted gross income tax distributions under IC 6-3.5-1.1, county option income tax distributions under IC 6-3.5-6, or county economic development income tax distributions under IC 6-3.5-7 that would otherwise be distributed to the county under the schedules in IC 6-3.5-1.1-10, IC 6-3.5-1.1-21.1, IC 6-3.5-6-17, IC 6-3.5-6-17.3, IC 6-3.5-7-16, and IC 6-3.5-7-17.3, if:

~~(1) local assessing officials have not provided information to the department of local government finance in a timely manner under~~

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~~IC 4-10-13-5(b);~~

~~(2)~~ **(1)** the county assessor has not transmitted to the department of local government finance by October 1 of the year in which the distribution is scheduled to be made the data for all townships in the county required to be transmitted under IC 6-1.1-4-25;

~~(3)~~ **(2)** the county auditor has not paid a bill for services under IC 6-1.1-4-31.5 to the department of local government finance in a timely manner;

~~(4)~~ **(3)** the county assessor has not forwarded to the department of local government finance in a timely manner sales disclosure form data under IC 6-1.1-5.5-3;

~~(5)~~ **(4)** the county auditor has not forwarded to the department of local government finance the duplicate copies of all approved exemption applications required to be forwarded by that date under IC 6-1.1-11-8(a);

~~(6)~~ **(5)** by the date the distribution is scheduled to be made, the county auditor has not sent a certified statement required to be sent by that date under IC 6-1.1-17-1 to the department of local government finance;

~~(7)~~ **(6)** the county does not maintain a certified computer system that meets the requirements of IC 6-1.1-31.5-3.5;

~~(8)~~ **(7)** the county auditor has not transmitted the data described in IC 36-2-9-20 to the department of local government finance in the form and on the schedule specified by IC 36-2-9-20;

~~(9)~~ **(8)** the county has not established a parcel index numbering system under 50 IAC 23-8-1 in a timely manner; or

~~(10)~~ **(9)** a county official has not provided other information to the department of local government finance in a timely manner as required by the department of local government finance.

The percentage to be withheld is the percentage determined by the department of local government finance.

(b) Except as provided in subsection (e), money not distributed for the reasons stated in subsection (a) shall be distributed to the county when the department of local government finance determines that the failure to:

(1) provide information; or

(2) pay a bill for services;

has been corrected.

(c) The restrictions on distributions under subsection (a) do not apply if the department of local government finance determines that the failure to:

(1) provide information; or

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(2) pay a bill for services;

in a timely manner is justified by unusual circumstances.

(d) The department of local government finance shall give the county auditor at least thirty (30) days notice in writing before the department of state revenue or the auditor of state withholds a distribution under subsection (a).

(e) Money not distributed for the reason stated in subsection (a)(3) may be deposited in the fund established by IC 6-1.1-5.5-4.7(a). Money deposited under this subsection is not subject to distribution under subsection (b).

(f) This subsection applies to a county that will not receive a distribution under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7. At the request of the department of local government finance, an amount permitted to be withheld under subsection (a) may be withheld from any state revenues that would otherwise be distributed to the county or one (1) or more taxing units in the county.

SECTION 32. IC 6-1.1-37-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 11. (a) If a taxpayer is entitled to a property tax refund or credit because an assessment is decreased, the taxpayer shall also be paid, or credited with, interest on the excess taxes that ~~he~~ **the taxpayer** paid at the rate of four percent (4%) per annum.

(b) For purposes of this section and except as provided in subsection (c), the interest shall be computed from the date on which the taxes were paid or due, whichever is later, to the date of the refund or credit. **If a taxpayer is sent a provisional tax statement and is later sent a final or reconciling tax statement, interest shall be computed after the date on which the taxes were paid or first due under the provisional tax statement, whichever is later, through the date of the refund or credit.**

(c) This subsection applies if a taxpayer who is entitled to a refund or credit does not make a written request for the refund or credit to the county auditor within forty-five (45) days after the final determination of the county property tax assessment board of appeals, the state board of tax commissioners, the department of local government finance, the Indiana board, or the tax court that entitles the taxpayer to the refund or credit. In the case of a taxpayer described in this subsection, the interest shall be computed from the date on which the taxes were paid or due to the date that is forty-five (45) days after the final determination of the county property tax assessment board of appeals, the state board of tax commissioners, the department of local government finance, the Indiana board of tax review, or the Indiana tax

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court. In any event, a property tax refund or credit must be issued not later than ninety (90) days after the request is received.

SECTION 33. IC 6-1.1-41-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 3. (a) A political subdivision that decides to establish a fund under this chapter must:

(1) give notice of the proposal to the affected taxpayers; and

(2) hold a public hearing on the proposal;

before presenting the proposal to the department of local government finance for approval.

(b) Notice of the proposal and of the public hearing shall be given by publication in accordance with IC 5-3-1.

(c) For a cumulative fund authorized under IC 3-11-6 or IC 8-10-5-17, the political subdivision imposing a property tax levy shall post a notice of the proposal and the public hearing in three (3) public places in the political subdivision.

(d) A notice required by this section must describe the tax levy that will be imposed for the fund.

(e) If a political subdivision adopts a proposal to establish a fund or modify a tax rate under this chapter at a public hearing held in accordance with this section, the political subdivision shall publish notice of adoption in accordance with IC 5-3-1-2(i) in a manner prescribed by the department of local government finance.

SECTION 34. IC 6-1.1-41-5 IS REPEALED [EFFECTIVE JULY 1, 2012]. ~~Sec. 5. The department of local government finance shall require that a notice of submission under section 3 of this chapter be given to the taxpayers of the county. The notice shall be published in one (1) publication and posted in the same manner as required by section 3 of this chapter.~~

SECTION 35. IC 6-1.1-41-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 6. Not later than noon thirty (30) days after the publication of the notice **of adoption** required by section 3 of this chapter:

(1) at least ten (10) taxpayers in the taxing district, if the fund is authorized under IC 8-10-5-17, IC 8-16-3-1, IC 8-16-3.1-4, IC 14-27-6-48, IC 14-33-21-2, IC 36-8-14-2, IC 36-9-4-48, or IC 36-10-4-36;

(2) at least twenty (20) taxpayers in a county served by a hospital, if the fund is authorized under IC 16-22-4-1;

(3) at least thirty (30) taxpayers in a tax district, if the fund is authorized under IC 36-10-3-21 or IC 36-10-7.5-19;

(4) at least fifty (50) taxpayers in a municipality, **township, or county,** if subdivision (1), (2), (3), or (5) does not apply; or

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(5) at least one hundred (100) taxpayers in the county, if the fund is authorized by IC 3-11-6;

may file a petition with the county auditor stating their objections to an action described in section 2 of this chapter. Upon the filing of the petition, the county auditor shall immediately certify the petition to the department of local government finance.

SECTION 36. IC 6-1.1-41-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 9. (a) After a hearing upon a proposal **under section 7 of this chapter,** the department of local government finance shall certify approval, disapproval, or modification of the proposal to the county auditor.

(b) A:

(1) taxpayer who signed a petition filed under section 6 of this chapter; or

(2) political subdivision against which a petition under section 6 of this chapter is filed;

may petition for judicial review of the final determination of the department of local government finance under subsection (a). The petition must be filed in the tax court not more than forty-five (45) days after the department certifies its action under subsection (a).

SECTION 37. IC 6-2.3-4-7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2013]: **Sec. 7. Gross receipts are exempt from the utility receipts tax if the gross receipts are received by a taxpayer from an electricity supplier (as defined in IC 8-1-2.3-2) as payment of severance damages or other compensation resulting from a change in assigned service area boundaries under IC 8-1-2.3-6(1), IC 8-1-2.3-6(2), or IC 8-1-2.3-6(3).**

SECTION 38. IC 6-2.5-4-5, AS AMENDED BY P.L.32-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)]: 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

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engaged as a public utility is not a retail merchant making a retail 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) 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) The power subsidiary or person sells the services or commodities listed in subsection (b) to a person for use in manufacturing, mining, production, **processing (after December 31, 2012), repairing (after December 31, 2012),** refining, **recycling (as defined in IC 6-2.5-5-45),** oil extraction, mineral extraction, irrigation, agriculture, **floriculture (after December 31, 2012), arboriculture (after December 31, 2012),** 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) 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.

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(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 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 39. IC 6-2.5-5-5.1, AS AMENDED BY P.L.172-2011, SECTION 50, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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JULY 1, 2012]: Sec. 5.1. (a) As used in this section, "tangible personal property" includes electrical energy, natural or artificial gas, water, steam, and steam heat.

(b) Transactions involving tangible personal property are exempt from the state gross retail tax if the person acquiring the property acquires it for direct consumption as a material to be consumed in the direct production of other tangible personal property in the person's business of manufacturing, processing, refining, repairing, mining, agriculture, horticulture, floriculture, or arboriculture. This exemption includes transactions involving acquisitions of tangible personal property used in commercial printing.

(c) A refund claim based on the exemption provided by this section for electrical energy, natural or artificial gas, water, steam, and steam heat may not cover transactions that occur more than ~~eighteen (18)~~ **thirty-six (36)** months before the date of the refund claim.

SECTION 40. IC 6-2.5-5-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 9. (a) As used in this section, "returnable containers" means containers customarily returned by the buyer of the contents for reuse as containers.

(b) Sales of returnable containers are exempt from the state gross retail tax if the transaction constitutes selling at retail as defined in IC 6-2.5-4-1 and if the returnable containers contain contents.

(c) Sales of returnable containers are exempt from the state gross retail tax if the containers are transferred empty for the purpose of refilling.

(d) Sales of wrapping material and empty containers are exempt from the state gross retail tax if the person acquiring the material or containers acquires them for use as nonreturnable packages for:

(1) selling the contents that ~~he~~ **the person** adds; **or**

(2) shipping or delivering tangible personal property that:

(A) is owned by another person;

(B) is processed or serviced for the owner; and

(C) will be sold by that owner either in the same form or as a part of other tangible personal property produced by that owner in the owner's business of manufacturing, assembling, constructing, refining, or processing.

SECTION 41. IC 6-2.5-5-30, AS AMENDED BY P.L.42-2011, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)]: Sec. 30. (a) Sales of tangible personal property are exempt from the state gross retail tax if:

(1) the property constitutes, is incorporated into, or is consumed in the operation of, a device, facility, or structure predominantly

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used and acquired for the purpose of complying with any state, local, or federal environmental quality statutes, regulations, or standards; and

(2) the person acquiring the property is engaged in the business of manufacturing, processing, refining, mining, **recycling (as defined in section 45 of this chapter),** or agriculture.

(b) The portion of the sales price of tangible personal property which is exempt from state gross retail and use taxes under this section equals the product of:

(1) the total sales price; multiplied by

(2) one hundred percent (100%).

SECTION 42. IC 6-2.5-5-45 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)]: **Sec. 45. (a) For purposes of this section, IC 6-2.5-4-5, and section 30 of this chapter, the following definitions apply:**

(1) "Recycling" means the processing of recycling materials and other tangible personal property into a product for sale if the product is predominantly composed of recycling materials. The term does not include the following:

(A) The demolition of improvements to real estate.

(B) The processing of tangible personal property primarily for disposal in a licensed solid waste disposal facility rather than for sale.

(C) The collection of recycling materials by licensed motor vehicles.

(2) "Recycling materials" means tangible personal property, including metal, paper, glass, plastic, textile, or rubber, that:

(A) is considered "scrap" by industry standards or has no more than scrap value;

(B) is a byproduct of another person's manufacturing or production process;

(C) was previously manufactured or incorporated into a product;

(D) would otherwise reasonably be expected to be destined for disposal in a licensed solid waste disposal facility; or

(E) has been removed or diverted from the solid waste stream for sale, use, or reuse as raw materials, regardless of whether or not the materials require subsequent processing or separation from each other.

(3) "Processing of recycling materials" means:

(A) the activities involved in collecting or otherwise

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receiving recycling materials and other tangible personal property; and

(B) creating a product for sale by changing the original form, use, or composition of the property (whether manually, mechanically, chemically, or otherwise) through weighing, sorting, grading, separating, shredding, crushing, compacting, breaking, cutting, baling, shearing, torching, wire-stripping, or other means.

(b) Transactions involving machinery, tools, supplies, and equipment are exempt from the state gross retail tax if:

(1) the person acquiring that property acquires it for use in recycling; and

(2) the person acquiring that property is occupationally engaged in recycling.

(c) Transactions involving recycling materials and other tangible personal property to be consumed in the processing of recycling materials or to become a part of the product produced by the processing of recycling materials are exempt from the state gross retail tax if:

(1) the person acquiring that property acquires it for use in recycling; and

(2) the person acquiring that property is occupationally engaged in recycling.

SECTION 43. IC 6-3-1-3.5, AS AMENDED BY HEA 1009-2012, SECTION 47, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)]: Sec. 3.5. When used in this article, the term "adjusted gross income" shall mean the following:

(a) In the case of all individuals, "adjusted gross income" (as defined in Section 62 of the Internal Revenue Code), modified as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(3) Subtract one thousand dollars ($1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars ($1,000).

(4) Subtract one thousand dollars ($1,000) for:

(A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;

(B) each additional amount allowable under Section 63(f) of

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the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract:

(A) ~~*for taxable years beginning after December 31, 2004,*~~ one thousand five hundred dollars ($1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code (as effective January 1, 2004); and

(B) five hundred dollars ($500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars ($40,000).

This amount is in addition to the amount subtracted under subdivision (4).

(6) Subtract an amount equal to the lesser of:

(A) that part of the individual's adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for that taxable year that is subject to a tax that is imposed by a political subdivision of another state and that is imposed on or measured by income; or

(B) two thousand dollars ($2,000).

(7) Add an amount equal to the total capital gain portion of a lump sum distribution (as defined in Section 402(e)(4)(D) of the Internal Revenue Code) if the lump sum distribution is received by the individual during the taxable year and if the capital gain portion of the distribution is taxed in the manner provided in Section 402 of the Internal Revenue Code.

(8) Subtract any amounts included in federal adjusted gross income under Section 111 of the Internal Revenue Code as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(9) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

~~*(10) Add an amount equal to the deduction allowed under Section 221 of the Internal Revenue Code for married couples filing joint returns if the taxable year began before January 1, 1987.*~~

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~~*(11) Add an amount equal to the interest excluded from federal gross income by the individual for the taxable year under Section 128 of the Internal Revenue Code if the taxable year began before January 1, 1985.*~~

~~*(12)*~~ *(10)* Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

~~*(13)*~~ *(11)* In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

~~*(14)*~~ *(12)* In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

~~*(15)*~~ *(13)* In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

~~*(16) For taxable years beginning after December 31, 1999,*~~ *(14)* Subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.

~~*(17)*~~ *(15)* Subtract an amount equal to the lesser of:

(A) ~~*for a taxable year:*~~

~~*(i) including any part of 2004, the amount determined under subsection (f); and*~~

~~*(ii) beginning after December 31, 2004,*~~ two thousand five hundred dollars ($2,500); or

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

~~*(18)*~~ *(16)* Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.

~~*(19)*~~ *(17)* Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for

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which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

~~(20)~~ *(18)* Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

~~(21)~~ *(19)* Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars ($25,000).

~~(22)~~ *(20)* Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

~~(23)~~ *(21)* Subtract an amount equal to the amount of the taxpayer's qualified military income that was not excluded from the taxpayer's gross income for federal income tax purposes under Section 112 of the Internal Revenue Code.

~~(24)~~ *(22)* Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the individual's federal adjusted gross income under the Internal Revenue Code.

~~(25)~~ *(23)* Subtract any amount of a credit (including an advance refund of the credit) that is provided to an individual under 26 U.S.C. 6428 (federal Economic Stimulus Act of 2008) and included in the individual's federal adjusted gross income.

~~(26)~~ *(24)* Add any amount of unemployment compensation excluded from federal gross income, as defined in Section 61 of the Internal Revenue Code, under Section 85(c) of the Internal Revenue Code.

~~(27)~~ *(25)* Add the amount excluded from gross income under Section 108(a)(1)(e) of the Internal Revenue Code for the discharge of debt on a qualified principal residence.

~~(28)~~ *(26)* Add an amount equal to any income not included in

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gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract the amount necessary from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

~~(29)~~ *(27)* Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified restaurant property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

~~(30)~~ *(28)* Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified retail improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(ix) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

~~(31)~~ *(29)* Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that claimed the special allowance for qualified disaster assistance property under Section 168(n) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the special allowance not been claimed for the property.

~~(31)~~ *(30)* Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 179C of the Internal Revenue Code to expense costs for qualified refinery property equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

~~(33)~~ *(31)* Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election

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under Section 181 of the Internal Revenue Code to expense costs for a qualified film or television production equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

~~*(34)*~~ *(32)* Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that treated a loss from the sale or exchange of preferred stock in:

(A) the Federal National Mortgage Association, established under the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.); or

(B) the Federal Home Loan Mortgage Corporation, established under the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 et seq.);

as an ordinary loss under Section 301 of the Emergency Economic Stabilization Act of 2008 in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had the loss not been treated as an ordinary loss.

(33) Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.

~~*(35)*~~ *(34) Add the amount deducted from gross income under Section 198 of the Internal Revenue Code for the expensing of environmental remediation costs.*

~~*(36)*~~ *(35) Add the amount excluded from gross income under Section 408(d)(8) of the Internal Revenue Code for a charitable distribution from an individual retirement plan.*

~~*(37)*~~ *(36) Add the amount deducted from gross income under Section 222 of the Internal Revenue Code for qualified tuition and related expenses.*

~~*(38)*~~ *(37) Add the amount deducted from gross income under Section 62(2)(D) of the Internal Revenue Code for certain expenses of elementary and secondary school teachers.*

~~*(39) (38) Add the amount excluded from gross income under Section 127 of the Internal Revenue Code as annual employer provided education expenses.*~~

~~*(40) (39)*~~ ***(38)*** *Add the amount deducted from gross income under Section 179E of the Internal Revenue Code for any qualified advanced mine safety equipment property.*

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~~*(41) (40) Add the monthly amount excluded from gross income under Section 132(f)(1)(A) and 132(f)(1)(B) that exceeds one hundred dollars ($100) a month for a qualified transportation fringe.*~~

~~*(42) (41)*~~ ***(39)*** *Add the amount deducted from gross income under Section 221 of the Internal Revenue Code that exceeds the amount the taxpayer could deduct under Section 221 of the Internal Revenue Code before it was amended by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312).*

~~*(43) (42)*~~ ***(40)*** *Add the amount necessary to make the adjusted gross income of any taxpayer that placed any qualified leasehold improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(iv) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed into service.*

~~*(44) (43)*~~ ***(41)*** *Add the amount necessary to make the adjusted gross income of any taxpayer that placed a motorsports entertainment complex in service during the taxable year and that was classified as 7-year property under Section 168(e)(3)(C)(ii) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed into service.*

~~*(45) (44)*~~ ***(42)*** *Add the amount deducted under Section 195 of the Internal Revenue Code for start-up expenditures that exceeds the amount the taxpayer could deduct under Section 195 of the Internal Revenue Code before it was amended by the Small Business Jobs Act of 2010 (P.L. 111-240).*

~~*(46) (45)*~~ ***(43)*** *Add the amount necessary to make the adjusted gross income of any taxpayer for which tax was not imposed on the net recognized built-in gain of an S corporation under Section 1374(d)(7) of the Internal Revenue Code as amended by the Small Business Jobs Act of 2010 (P.L. 111-240) equal to the amount of adjusted gross income that would have been computed before Section 1374(d)(7) of the Internal Revenue Code as amended by the Small Business Jobs Act of 2010 (P.L. 111-240).*

~~*(35)*~~ **(44)** *This subdivision does not apply to payments made for services provided to a business that was enrolled and participated in the E-Verify program (as defined in*

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IC 22-5-1.7-3) during the time the taxpayer conducted business in Indiana in the taxable year. For a taxable year beginning after June 30, 2011, add the amount of any trade or business deduction allowed under the Internal Revenue Code for wages, reimbursements, or other payments made for services provided in Indiana by an individual for services as an employee, if the individual was, during the period of service, prohibited from being hired as an employee under 8 U.S.C. 1324a.

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code.

(3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars ($25,000).

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(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(9) Add to the extent required by IC 6-3-2-20 the amount of intangible expenses (as defined in IC 6-3-2-20) and any directly related intangible interest expenses (as defined in IC 6-3-2-20) for the taxable year that reduced the corporation's taxable income (as defined in Section 63 of the Internal Revenue Code) for federal income tax purposes.

(10) Add an amount equal to any deduction for dividends paid (as defined in Section 561 of the Internal Revenue Code) to shareholders of a captive real estate investment trust (as defined in section 34.5 of this chapter).

(11) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the corporation's taxable income under the Internal Revenue Code.

(12) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(13) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified restaurant property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(14) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified retail improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(ix) of the Internal

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Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(15) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that claimed the special allowance for qualified disaster assistance property under Section 168(n) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the special allowance not been claimed for the property.

(16) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 179C of the Internal Revenue Code to expense costs for qualified refinery property equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(17) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 181 of the Internal Revenue Code to expense costs for a qualified film or television production equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(18) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that treated a loss from the sale or exchange of preferred stock in:

(A) the Federal National Mortgage Association, established under the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.); or

(B) the Federal Home Loan Mortgage Corporation, established under the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 et seq.);

as an ordinary loss under Section 301 of the Emergency Economic Stabilization Act of 2008 in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had the loss not been treated as an ordinary loss.

(19) Add the amount deducted from gross income under Section 198 of the Internal Revenue Code for the expensing of environmental remediation costs.

(20) Add the amount deducted from gross income under Section 179E of the Internal Revenue Code for any qualified advanced mine safety equipment property.

(21) Add the amount necessary to make the adjusted gross income

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of any taxpayer that placed any qualified leasehold improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(iv) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed into service.

(22) Add the amount necessary to make the adjusted gross income of any taxpayer that placed a motorsports entertainment complex in service during the taxable year and that was classified as 7-year property under Section 168(e)(3)(C)(ii) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed into service.

(23) Add the amount deducted under Section 195 of the Internal Revenue Code for start-up expenditures that exceeds the amount the taxpayer could deduct under Section 195 of the Internal Revenue Code before it was amended by the Small Business Jobs Act of 2010 (P.L. 111-240).

~~(19)~~ **(24)** *This subdivision does not apply to payments made for services provided to a business that was enrolled and participated in the E-Verify program (as defined in IC 22-5-1.7-3) during the time the taxpayer conducted business in Indiana in the taxable year. For a taxable year beginning after June 30, 2011, add the amount of any trade or business deduction allowed under the Internal Revenue Code for wages, reimbursements, or other payments made for services provided in Indiana by an individual for services as an employee, if the individual was, during the period of service, prohibited from being hired as an employee under 8 U.S.C. 1324a.*

~~(24)~~ **(25)** *Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.*

(c) In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

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(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 or Section 810 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars ($25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(9) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the insurance company's taxable income under the Internal Revenue Code.

(10) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included

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in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(11) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified restaurant property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(12) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified retail improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(ix) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(13) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that claimed the special allowance for qualified disaster assistance property under Section 168(n) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the special allowance not been claimed for the property.

(14) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 179C of the Internal Revenue Code to expense costs for qualified refinery property equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(15) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 181 of the Internal Revenue Code to expense costs for a qualified film or television production equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(16) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that treated a loss from the sale or exchange of preferred stock in:

(A) the Federal National Mortgage Association, established under the Federal National Mortgage Association Charter Act

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(12 U.S.C. 1716 et seq.); or

(B) the Federal Home Loan Mortgage Corporation, established under the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 et seq.);

as an ordinary loss under Section 301 of the Emergency Economic Stabilization Act of 2008 in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had the loss not been treated as an ordinary loss.

(17) Add an amount equal to any exempt insurance income under Section 953(e) of the Internal Revenue Code that is active financing income under Subpart F of Subtitle A, Chapter 1, Subchapter N of the Internal Revenue Code.

(18) Add the amount necessary to make the adjusted gross income of any taxpayer that placed any qualified leasehold improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(iv) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed into service.

(19) Add the amount necessary to make the adjusted gross income of any taxpayer that placed a motorsports entertainment complex in service during the taxable year and that was classified as 7-year property under Section 168(e)(3)(C)(ii) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed into service.

(20) Add the amount deducted under Section 195 of the Internal Revenue Code for start-up expenditures that exceeds the amount the taxpayer could deduct under Section 195 of the Internal Revenue Code before it was amended by the Small Business Jobs Act of 2010 (P.L. 111-240).

(21) Add the amount deducted from gross income under Section 198 of the Internal Revenue Code for the expensing of environmental remediation costs.

(22) Add the amount deducted from gross income under Section 179E of the Internal Revenue Code for any qualified advanced mine safety equipment property.

~~*(18)*~~ **(23)** *This subdivision does not apply to payments made for services provided to a business that was enrolled and participated in the E-Verify program (as defined in IC 22-5-1.7-3) during the time the taxpayer conducted business*

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in Indiana in the taxable year. For a taxable year beginning after June 30, 2011, add the amount of any trade or business deduction allowed under the Internal Revenue Code for wages, reimbursements, or other payments made for services provided in Indiana by an individual for services as an employee, if the individual was, during the period of service, prohibited from being hired as an employee under 8 U.S.C. 1324a.

~~*(23)*~~ **(24)** *Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.*

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed

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had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars ($25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(9) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the insurance company's taxable income under the Internal Revenue Code.

(10) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(11) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified restaurant property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(12) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified retail improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(ix) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(13) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that claimed the special allowance for qualified disaster assistance property under Section 168(n) of

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the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the special allowance not been claimed for the property.

(14) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 179C of the Internal Revenue Code to expense costs for qualified refinery property equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(15) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 181 of the Internal Revenue Code to expense costs for a qualified film or television production equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(16) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that treated a loss from the sale or exchange of preferred stock in:

(A) the Federal National Mortgage Association, established under the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.); or

(B) the Federal Home Loan Mortgage Corporation, established under the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 et seq.);

as an ordinary loss under Section 301 of the Emergency Economic Stabilization Act of 2008 in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had the loss not been treated as an ordinary loss.

(17) Add an amount equal to any exempt insurance income under Section 953(e) of the Internal Revenue Code that is active financing income under Subpart F of Subtitle A, Chapter 1, Subchapter N of the Internal Revenue Code.

(18) Add the amount necessary to make the adjusted gross income of any taxpayer that placed any qualified leasehold improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(iv) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed into service.

(19) Add the amount necessary to make the adjusted gross income of any taxpayer that placed a motorsports entertainment complex

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in service during the taxable year and that was classified as 7-year property under Section 168(e)(3)(C)(ii) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed into service.

(20) Add the amount deducted under Section 195 of the Internal Revenue Code for start-up expenditures that exceeds the amount the taxpayer could deduct under Section 195 of the Internal Revenue Code before it was amended by the Small Business Jobs Act of 2010 (P.L. 111-240).

(21) Add the amount deducted from gross income under Section 198 of the Internal Revenue Code for the expensing of environmental remediation costs.

(22) Add the amount deducted from gross income under Section 179E of the Internal Revenue Code for any qualified advanced mine safety equipment property.

~~*(18)*~~ **(23)** *This subdivision does not apply to payments made for services provided to a business that was enrolled and participated in the E-Verify program (as defined in IC 22-5-1.7-3) during the time the taxpayer conducted business in Indiana in the taxable year. For a taxable year beginning after June 30, 2011, add the amount of any trade or business deduction allowed under the Internal Revenue Code for wages, reimbursements, or other payments made for services provided in Indiana by an individual for services as an employee, if the individual was, during the period of service, prohibited from being hired as an employee under 8 U.S.C. 1324a.*

~~*(23)*~~ **(24)** *Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.*

(e) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim of the September 11 terrorist attack.

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(3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(4) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars ($25,000).

(6) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(7) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the taxpayer's taxable income under the Internal Revenue Code.

(8) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(9) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified restaurant property in service

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during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(10) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified retail improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(ix) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(11) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that claimed the special allowance for qualified disaster assistance property under Section 168(n) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the special allowance not been claimed for the property.

(12) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 179C of the Internal Revenue Code to expense costs for qualified refinery property equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(13) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 181 of the Internal Revenue Code to expense costs for a qualified film or television production equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(14) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that treated a loss from the sale or exchange of preferred stock in:

(A) the Federal National Mortgage Association, established under the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.); or

(B) the Federal Home Loan Mortgage Corporation, established under the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 et seq.);

as an ordinary loss under Section 301 of the Emergency Economic Stabilization Act of 2008 in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income

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that would have been computed had the loss not been treated as an ordinary loss.

(15) Add the amount excluded from gross income under Section 108(a)(1)(e) of the Internal Revenue Code for the discharge of debt on a qualified principal residence.

(16) Add the amount necessary to make the adjusted gross income of any taxpayer that placed any qualified leasehold improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(iv) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed into service.

(17) Add the amount necessary to make the adjusted gross income of any taxpayer that placed a motorsports entertainment complex in service during the taxable year and that was classified as 7-year property under Section 168(e)(3)(C)(ii) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed into service.

(18) Add the amount deducted under Section 195 of the Internal Revenue Code for start-up expenditures that exceeds the amount the taxpayer could deduct under Section 195 of the Internal Revenue Code before it was amended by the Small Business Jobs Act of 2010 (P.L. 111-240).

(19) Add the amount deducted from gross income under Section 198 of the Internal Revenue Code for the expensing of environmental remediation costs.

(20) Add the amount deducted from gross income under Section 179E of the Internal Revenue Code for any qualified advanced mine safety equipment property.

(21) Add the amount necessary to make the adjusted gross income of any taxpayer for which tax was not imposed on the net recognized built-in gain of an S corporation under Section 1374(d)(7) of the Internal Revenue Code as amended by the Small Business Jobs Act of 2010 (P.L. 111-240) equal to the amount of adjusted gross income that would have been computed before Section 1374(d)(7) of the Internal Revenue Code as amended by the Small Business Jobs Act of 2010 (P.L. 111-240).

~~(16)~~ **(22)** *This subdivision does not apply to payments made for services provided to a business that was enrolled and participated in the E-Verify program (as defined in IC 22-5-1.7-3) during the time the taxpayer conducted business*

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in Indiana in the taxable year. For a taxable year beginning after June 30, 2011, add the amount of any trade or business deduction allowed under the Internal Revenue Code for wages, reimbursements, or other payments made for services provided in Indiana by an individual for services as an employee, if the individual was, during the period of service, prohibited from being hired as an employee under 8 U.S.C. 1324a.

~~(22)~~ **(23)** *Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.*

~~(f) This subsection applies only to the extent that an individual paid property taxes in 2004 that were imposed for the March 1, 2002, assessment date or the January 15, 2003, assessment date. The maximum amount of the deduction under subsection (a)(17) is equal to the amount determined under STEP FIVE of the following formula:~~

~~STEP ONE: Determine the amount of property taxes that the taxpayer paid after December 31, 2003, in the taxable year for property taxes imposed for the March 1, 2002, assessment date and the January 15, 2003, assessment date.~~

~~STEP TWO: Determine the amount of property taxes that the taxpayer paid in the taxable year for the March 1, 2003, assessment date and the January 15, 2004, assessment date.~~

~~STEP THREE: Determine the result of the STEP ONE amount divided by the STEP TWO amount.~~

~~STEP FOUR: Multiply the STEP THREE amount by two thousand five hundred dollars ($2,500).~~

~~STEP FIVE: Determine the sum of the STEP FOUR amount and two thousand five hundred dollars ($2,500).~~

SECTION 44. IC 6-3.1-24-9, AS AMENDED BY P.L.172-2011, SECTION 68, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 9. (a) The total amount of tax credits that may be allowed under this chapter in a particular calendar year for qualified investment capital provided during that calendar year may not exceed twelve million five hundred thousand dollars ($12,500,000). The Indiana economic development corporation may not certify a proposed investment plan under section 12.5 of this chapter if the proposed investment would result in the total amount of the tax credits certified for the calendar year exceeding twelve million five hundred thousand dollars ($12,500,000). An amount of an unused credit carried over by a taxpayer from a previous calendar year may not be considered in

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determining the amount of proposed investments that the Indiana economic development corporation may certify under this chapter.

(b) Notwithstanding the other provisions of this chapter, a taxpayer is not entitled to a credit for providing qualified investment capital to a qualified Indiana business after December 31, ~~2014.~~ **2016.** However, this subsection may not be construed to prevent a taxpayer from carrying over to a taxable year beginning after December 31, ~~2014,~~ **2016,** an unused tax credit attributable to an investment occurring before January 1, ~~2015.~~ **2017.**

SECTION 45. IC 6-3.1-26-26, AS AMENDED BY P.L.182-2009(ss), SECTION 202, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 26. (a) This chapter applies to taxable years beginning after December 31, 2003.

(b) Notwithstanding the other provisions of this chapter, the corporation may not approve a credit for a qualified investment made after December 31, ~~2013.~~ **2016.** However, this section may not be construed to prevent a taxpayer from carrying an unused tax credit attributable to a qualified investment made before January 1, ~~2014,~~ **2017,** forward to a taxable year beginning after December 31, ~~2013,~~ **2016,** in the manner provided by section 15 of this chapter.

SECTION 46. IC 6-3.1-31.9-23, AS ADDED BY P.L.223-2007, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 23. (a) This chapter applies to taxable years beginning after December 31, 2006.

(b) Notwithstanding the other provisions of this chapter, the corporation may not approve ~~a~~ **an alternative fuel vehicle manufacturing** credit for a qualified investment made after December 31, ~~2012.~~ **2016.** However, this section may not be construed to prevent a taxpayer from carrying an unused tax credit attributable to a qualified investment made before January 1, ~~2012,~~ **2017,** forward to a taxable year beginning after December 31, ~~2011,~~ **2016,** in the manner provided by section 13 of this chapter.

SECTION 47. IC 6-3.1-33-9, AS ADDED BY P.L.110-2010, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 9. (a) Before January 1, ~~2013,~~ **2017,** a corporation or pass through entity that desires to qualify for the **new employer** credit provided by this chapter may submit an application to the IEDC in the form and manner specified by the IEDC.

(b) The IEDC shall promptly review all applications submitted to the IEDC under this chapter.

(c) If the IEDC determines that an applicant for the tax credit provided by this chapter has furnished reliable evidence, as determined

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by the IEDC, that the applicant is reasonably capable of:

(1) employing at least ten (10) qualified employees in each month of the period specified in section 10(b) of this chapter during the taxable year; and

(2) meeting the requirements for the tax credit provided by this chapter;

the IEDC may issue the applicant a certificate of approval. If a certificate of approval is issued, the IEDC shall provide a copy of the certificate to the department.

(d) In making a determination of whether an applicant is qualified for a credit under this chapter, the IEDC may consider the following:

(1) The applicant's employment levels in previous years to determine if the applicant is hiring new individuals or rehiring individuals.

(2) Whether the applicant is the successor to part or all of the assets or business operations of another corporation or pass through entity that conducted business operations in Indiana in the same line of business to determine if the applicant is a new Indiana business under this chapter.

(e) If the IEDC determines that the applicant will not employ at least ten (10) qualified employees in each month of the period specified in section 10(b) of this chapter during the taxable year, is not a new Indiana business, or does not meet, or is unlikely to meet, any other requirements for the tax credit provided by this chapter, the IEDC shall notify the applicant of the IEDC's determination.

(f) The IEDC may not issue a certificate of approval under this chapter after December 31, ~~2012.~~ **2016.**

SECTION 48. IC 6-3.5-1.1-2, AS AMENDED BY P.L.77-2011, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 2. (a) The county council of any county in which the county option income tax will not be in effect on December 1 of a year under an ordinance adopted during a previous calendar year may impose the county adjusted gross income tax on the adjusted gross income of county taxpayers of its county.

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

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

(c) To impose the county adjusted gross income tax, the county council must adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Council imposes the county adjusted gross income tax on the county taxpayers of _____ County. The county adjusted gross income tax is imposed at a rate of _____ percent (_____%) on the resident county taxpayers of the county and one-fourth of one percent (0.25%) on the nonresident county taxpayers of the county.".

(d) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and, ~~immediately~~ **not more than ten (10) days after the vote,** send a certified copy of the results to **the commissioner of** the department, **the director of the budget agency, and the commissioner of the department of local government finance** by certified mail **or in an electronic format approved by the director of the budget agency.**

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

SECTION 49. IC 6-3.5-1.1-2.6 IS REPEALED [EFFECTIVE JULY 1, 2012]. ~~Sec. 2.6. (a) This section applies to Parke County.~~

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

~~(1) fund the costs (including pre-trial costs) of a capital trial that has been moved to another county for trial; and~~

~~(2) to repay money borrowed for the purpose described in subdivision (1).~~

~~(c) In addition to the rates permitted by section 2 of this chapter, if the county council makes a determination described in subsection (b), the county council may by ordinance impose the county adjusted gross income tax at a rate not to exceed the lesser of:~~

~~(1) a rate necessary to carry out the purposes of subsection (b); or~~

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~~(2) twenty-five hundredths percent (0.25%);~~
~~on the adjusted gross income of county taxpayers.~~

~~(d) The tax imposed under this section may be imposed only until the later of the following:~~

~~(1) The date on which the costs described in subsection (b), including the repayment of money borrowed for the purposes described in subsection (b), are fully paid.~~

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

~~(e) The term of any borrowing described in subsection (b)(2) may not exceed three (3) years.~~

~~(f) The county treasurer shall establish a capital trial revenue fund to be used only for purposes described in this section. County adjusted gross income tax revenues derived from the tax rate imposed under this section shall be deposited in the capital trial revenue fund before making a certified distribution under section 11 of this chapter.~~

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

~~(1) may be used only for the purposes described in this section;~~

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

~~(3) may be pledged for the payment of costs described in subsection (b).~~

~~(h) Notwithstanding any other law, money remaining in the capital trial revenue fund established under subsection (f) after the tax imposed by this section is terminated under subsection (d) shall be transferred to the county general fund to be used for criminal justice costs.~~

SECTION 50. IC 6-3.5-1.1-3, AS AMENDED BY P.L.77-2011, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 3. (a) The county council may increase the county adjusted gross income tax rate imposed upon the resident county taxpayers of the county. To increase the rate, the county council must adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Council increases the county adjusted gross income tax rate imposed upon the resident county taxpayers of the county from _____ percent (___%) to _____ percent (___%).".

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

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~~immediately~~ **not more than ten (10) days after the vote,** send a certified copy of the results to **the commissioner of** the department, **the director of the budget agency, and the commissioner of the department of local government finance** by certified mail **or in an electronic format approved by the director of the budget agency.**

SECTION 51. IC 6-3.5-1.1-3.1, AS AMENDED BY P.L.77-2011, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 3.1. (a) The county council may decrease the county adjusted gross income tax rate imposed upon the resident county taxpayers of the county. To decrease the rate, the county council must adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Council decreases the county adjusted gross income tax rate imposed upon the resident county taxpayers of the county from _____ percent (___%) to _____ percent (___%).".

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

(c) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and, ~~immediately~~ **not more than ten (10) days after the vote,** send a certified copy of the results to **the commissioner of** the department, **the director of the budget agency, and the commissioner of the department of local government finance** by certified mail **or in an electronic format approved by the director of the budget agency.**

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

(e) This subsection applies only to ~~a~~ **LaPorte** County. ~~having a population of more than one hundred ten thousand (110,000) but less than one hundred fifteen thousand (115,000).~~ The county council may adopt or increase the county economic development income tax rate under IC 6-3.5-7 in the same year that the county council decreases the county adjusted gross income tax rate if the county economic development income tax rate plus the county adjusted gross income tax rate in effect after the county council decreases the county adjusted gross income tax rate is less than the county adjusted gross income tax

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rate in effect before the adoption of an ordinance under this section decreasing the rate of the county adjusted gross income tax.

SECTION 52. IC 6-3.5-1.1-4, AS AMENDED BY P.L.77-2011, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 4. (a) The county adjusted gross income tax imposed by a county council under this chapter remains in effect until rescinded.

(b) Except as provided in subsection (d), the county council may rescind the county adjusted gross income tax by adopting an ordinance to rescind the tax.

(c) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and, ~~immediately~~ **not more than ten (10) days after the vote,** send a certified copy of the results to **the commissioner of** the department, **the director of the budget agency, and the commissioner of the department of local government finance** by certified mail **or in an electronic format approved by the director of the budget agency.**

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

SECTION 53. IC 6-3.5-1.1-9, AS AMENDED BY P.L.229-2011, SECTION 88, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)]: Sec. 9. (a) Revenue derived from the imposition of the county adjusted gross income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it. The amount to be distributed to a county during an ensuing calendar year equals the amount of county adjusted gross 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 adjusted gross income tax made in the

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state fiscal year.

(b) Before August 2 of each calendar year, the budget agency shall certify to the county auditor of each adopting county the amount determined under subsection (a) plus the amount of interest in the county's account that has accrued and has not been included in a certification made in a preceding year. The amount certified is the county's "certified distribution" for the immediately succeeding calendar year. The amount certified shall be adjusted under subsections (c), (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 6-3.5-1.1-21.1.

The budget agency shall also certify information concerning the part of the certified distribution that is attributable to a tax rate under section 24, 25, or 26 of this chapter. This information must be certified to the county auditor, the department, and the department of local government finance not later than September 1 of each calendar year. The part of the certified distribution that is attributable to a tax rate under section 24, 25, or 26 of this chapter may be used only as specified in those provisions.

(c) 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.

(d) The budget agency shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any 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.

~~(e) The budget agency shall adjust the certified distribution of a county to provide the county with the distribution required under~~

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~~section 10(b) of this chapter.~~

~~(f)~~ **(e)** This subsection applies to a county that initially 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 (a)(1) through (a)(2) in the manner provided in subsection (c). 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 required under subsections (c), (d), ~~(e),~~ **(f), and** (g). ~~and (h).~~ 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 (b) and reflects the changes made in the adjustment.

~~(g)~~ **(f)** The budget agency shall adjust the certified distribution of a county to provide the county with the distribution required under section 3.3 of this chapter beginning not later than the tenth month after the month in which additional revenue from the tax authorized under section 3.3 of this chapter is initially collected.

~~(h)~~ **(g)** This subsection applies in the year in which a county initially imposes a tax rate under section 24 of this chapter. Notwithstanding any other provision, the budget agency shall adjust the part of the county's certified distribution that is attributable to the tax rate under section 24 of this chapter to provide for a distribution in the immediately following calendar year equal to the result of:

(1) the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) in the year in which the county initially imposes a tax rate under section 24 of this chapter; multiplied by

(2) two (2).

~~(i)~~ **(h)** The budget agency shall before May 1 of every odd-numbered year publish an estimate of the statewide total amount of certified distributions to be made under this chapter during the following two (2) calendar years.

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~~(j)~~ **(i)** The budget agency shall before May 1 of every even-numbered year publish an estimate of the statewide total amount of certified distributions to be made under this chapter during the following calendar year.

~~(k)~~ **(j)** The estimates under subsections **(h) and** (i) ~~and (j)~~ must specify the amount of the estimated certified distributions that are attributable to the additional rate authorized under section 24 of this chapter, the additional rate authorized under section 25 of this chapter, the additional rate authorized under section 26 of this chapter, and any other additional rates authorized under this chapter.

SECTION 54. IC 6-3.5-1.1-10, AS AMENDED BY P.L.77-2011, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)]: Sec. 10. (a) ~~Except as provided in subsection (b), one-half (1/2)~~ **One-twelfth (1/12)** of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 8 of this chapter to the appropriate county treasurer on ~~May 1 and the other one-half (1/2) on November 1~~ **the first regular business day of each month** 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), if an ordinance imposing the tax is adopted before July 1 of a year. Notwithstanding section 9 of this chapter the initial certified distribution certified for a county under section 9 of this chapter shall be distributed to the county treasurer from the account established for the county under section 8 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 calendar 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.~~

~~Notwithstanding section 11 of this chapter, the part of the certified distribution received under subdivision (1) that would otherwise be allocated to a civil taxing unit or school corporation as property tax replacement credits under section 11 of this chapter shall be set aside and treated for the calendar year when received by the civil taxing unit~~

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~~or school corporation as a levy excess subject to IC 6-1.1-18.5-17 or IC 20-44-3. 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)~~ **(b)** Except for:

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

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

(B) debt service on bonds; or

(C) lease rentals;

under section 2.3 of this chapter;

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

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

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

(B) debt service on bonds; or

(C) lease rentals;

under section 2.8 of this chapter;

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

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

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

~~(7) revenue under section 2.6 of this chapter;~~ or

~~(8)~~ **(7)** revenue attributable to a tax rate under section 24, 25, or 26 of this chapter;

distributions made to a county treasurer under ~~subsections~~ **subsection** (a) ~~and (b)~~ shall be treated as though they were property taxes that were due and payable during that same calendar year. Except as provided by ~~subsection (b) and~~ sections 24, 25, and 26 of this chapter, the certified distribution shall be distributed and used by the taxing units and school corporations as provided in sections 11 through 15 of this chapter.

~~(d)~~ **(c)** All distributions from an account established under section 8 of this chapter shall be made by warrants issued by the auditor of the state to the treasurer of the state ordering the appropriate payments.

SECTION 55. IC 6-3.5-1.1-24, AS AMENDED BY HEA

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2009-2012, SECTION 54, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 24. (a) In a county in which the county adjusted gross income tax is in effect, the county 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 adjusted gross income tax nor the county option income tax is in effect, the county 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 council adopts an ordinance to impose or increase a tax rate under this section, **not more than ten (10) days after the vote,** the county auditor shall send a certified copy of the ordinance to the **commissioner of the** department, **the director of the budget agency,** and the **commissioner of the** department of local government finance by certified mail **or in an electronic format approved by the director of the budget agency.**

(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 council first imposes a tax rate under this section.

(1) The county 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*~~ *in the first 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 in which the tax rate is increased; multiplied by

(B) 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*~~ *in the second 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 6-1.1-18.5-3(b), IC 6-1.1-18.5-3(c),* 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

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calendar year and to property taxes first due and payable in the calendar year after the ensuing calendar year.

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

(1) The county 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 that year; 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 6-1.1-18.5-3(b), IC 6-1.1-18.5-3(c),* 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),*~~ *IC 6-1.1-18.5-3(b),* 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

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(B) the STEP ONE amount; multiplied by

(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), 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 15 of this chapter.

(h) Notwithstanding sections 3.1 and 4 of this chapter, a county 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 2 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).*~~ *IC 6-1.1-18.5-3.*

(j) The tax levy under this section shall not be considered 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 receiving civil taxing unit's property tax levy for that year for purposes of fixing the budget of the civil taxing unit and for determining the

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distribution of taxes that are distributed on the basis of property tax levies.

(l) If a county council imposes a tax rate under this section, the portion of county adjusted gross income tax revenue dedicated to property tax replacement credits under section 11 of this chapter may not be decreased.

(m) In the year following the year in a which a county first imposes a tax rate under this section, 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) A pledge of county adjusted gross income taxes does not apply to revenue attributable to a tax rate under this section.

(o) 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.

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

(q) A county 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) The department of local government finance and the department

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of state revenue may take any actions necessary to carry out the purposes of this section.

SECTION 56. IC 6-3.5-1.1-25, AS AMENDED BY P.L.172-2011, SECTION 74, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 25. (a) As used in this section, "public safety" refers to the following:

(1) A police and law enforcement system to preserve public peace and order.

(2) A firefighting and fire prevention system.

(3) Emergency ambulance services (as defined in IC 16-18-2-107).

(4) Emergency medical services (as defined in IC 16-18-2-110).

(5) Emergency action (as defined in IC 13-11-2-65).

(6) A probation department of a court.

(7) Confinement, supervision, services under a community corrections program (as defined in IC 35-38-2.6-2), or other correctional services for a person who has been:

(A) diverted before a final hearing or trial under an agreement that is between the county prosecuting attorney and the person or the person's custodian, guardian, or parent and that provides for confinement, supervision, community corrections services, or other correctional services instead of a final action described in clause (B) or (C);

(B) convicted of a crime; or

(C) adjudicated as a delinquent child or a child in need of services.

(8) A juvenile detention facility under IC 31-31-8.

(9) A juvenile detention center under IC 31-31-9.

(10) A county jail.

(11) A communications system (as defined in IC 36-8-15-3) or an enhanced emergency telephone system (as defined in IC 36-8-16-2).

(12) Medical and health expenses for jail inmates and other confined persons.

(13) Pension payments for any of the following:

(A) A member of the fire department (as defined in IC 36-8-1-8) or any other employee of a fire department.

(B) A member of the police department (as defined in IC 36-8-1-9), a police chief hired under a waiver under IC 36-8-4-6.5, or any other employee hired by a police department.

(C) A county sheriff or any other member of the office of the

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county sheriff.

(D) Other personnel employed to provide a service described in this section.

(b) If a county council has imposed a tax rate of at least twenty-five hundredths of one percent (0.25%) under section 24 of this chapter, a tax rate of at least twenty-five hundredths of one percent (0.25%) under section 26 of this chapter, or a total combined tax rate of at least twenty-five hundredths of one percent (0.25%) under sections 24 and 26 of this chapter, the county council may also adopt an ordinance to impose an additional tax rate under this section to provide funding for public safety.

(c) A tax rate under this section may not exceed twenty-five hundredths of one percent (0.25%).

(d) If a county council adopts an ordinance to impose a tax rate under this section, **not more than ten (10) days after the vote,** the county auditor shall send a certified copy of the ordinance to the **commissioner of the** department, **the director of the budget agency,** and the **commissioner of the** department of local government finance by certified mail **or in an electronic format approved by the director of the budget agency.**

(e) 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.

(f) Except as provided in subsection (k) or (l), the county auditor shall distribute the portion of the certified distribution that is attributable to a tax rate under this section to the county and to each municipality in the county that is carrying out or providing at least one (1) of the public safety purposes described in subsection (a). The amount that shall be distributed to the county or municipality is equal to the result of:

(1) the portion of the certified distribution that is attributable to a tax rate under this section; multiplied by

(2) a fraction equal to:

(A) the attributed allocation amount (as defined in IC 6-3.5-1.1-15) of the county or municipality for the calendar year; divided by

(B) the sum of the attributed allocation amounts of the county and each municipality in the county that is entitled to a distribution under this section for the calendar year.

The county auditor shall make the distributions required by this subsection not more than thirty (30) days after receiving the portion of the certified distribution that is attributable to a tax rate under this

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section. Tax revenue distributed to a county or municipality under this subsection must be deposited into a separate account or fund and may be appropriated by the county or municipality only for public safety purposes.

(g) The department of local government finance may not require a county or municipality receiving tax revenue under this section to reduce the county's or municipality's property tax levy for a particular year on account of the county's or municipality's receipt of the tax revenue.

(h) 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 IC 6-1.1-18.5-3; or

(3) the credit under IC 6-1.1-20.6.

(i) The tax rate under this section may be imposed or rescinded at the same time and in the same manner that the county may impose or increase a tax rate under section 24 of this chapter.

(j) 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.

(k) Two (2) or more political subdivisions that are entitled to receive a distribution under this section may adopt resolutions providing that some part or all of those distributions shall instead be paid to one (1) political subdivision in the county to carry out specific public safety purposes specified in the resolutions.

(l) A fire department, volunteer fire department, or emergency medical services provider that:

(1) provides fire protection or emergency medical services within the county; and

(2) is operated by or serves a political subdivision that is not otherwise entitled to receive a distribution of tax revenue under this section;

may before July 1 of a year apply to the county council for a distribution of tax revenue under this section during the following calendar year. The county council shall review an application submitted under this subsection and may before September 1 of a year adopt a resolution requiring that one (1) or more of the applicants shall receive a specified amount of the tax revenue to be distributed under

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this section during the following calendar year. A resolution approved under this subsection providing for a distribution to one (1) or more fire departments, volunteer fire departments, or emergency medical services providers applies only to distributions in the following calendar year. Any amount of tax revenue distributed under this subsection to a fire department, volunteer fire department, or emergency medical services provider shall be distributed before the remainder of the tax revenue is distributed under subsection (f).

SECTION 57. IC 6-3.5-1.1-26, AS AMENDED BY P.L.172-2011, SECTION 75, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 26. (a) A county council may impose a tax rate under this section to provide property tax relief to taxpayers 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%) 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, **not more than ten (10) days after the vote,** the county auditor shall send a certified copy of the ordinance to the **commissioner of the** department, **the director of the budget agency,** and the **commissioner of the** department of local government finance by certified mail **or in an electronic format approved by the director of the budget agency.**

(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 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

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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 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 provide 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) 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) This subdivision applies only to Lake County. The Lake 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

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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. 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 adopt an ordinance changing the purposes for

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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 IC 6-1.1-18.5-3; 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 credits, the excess shall be credited to a dedicated county account and may be used only for property tax replacement credits 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) 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 58. IC 6-3.5-1.5-1, AS AMENDED BY P.L.182-2009(ss), SECTION 215, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 1. (a) The department of local government finance and ~~the department of state revenue (before January 1, 2010) or~~ the budget agency ~~(after December 31, 2009)~~ shall, before ~~July~~ **September** 1 of each year, jointly calculate the county adjusted income tax rate or county option income tax rate (as applicable) that must be imposed in a county to raise income tax revenue in the following year equal to the sum of the following STEPS:

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STEP ONE: Determine the greater of zero (0) or the result of:

(1) the department of local government finance's estimate of the sum of the maximum permissible ad valorem property tax levies calculated under IC 6-1.1-18.5 for all civil taxing units in the county for the ensuing calendar year (before any adjustment under IC 6-1.1-18.5-3(g) or IC 6-1.1-18.5-3(h) for the ensuing calendar year); minus

(2) the sum of the maximum permissible ad valorem property tax levies calculated under IC 6-1.1-18.5 for all civil taxing units in the county for the current calendar year.

In the case of a civil taxing unit that is located in more than one (1) county, the department of local government finance shall, for purposes of making the determination under this subdivision, apportion the civil taxing unit's maximum permissible ad valorem property tax levy among the counties in which the civil taxing unit is located.

STEP TWO: This STEP applies only to property taxes first due and payable before January 1, 2009. Determine the greater of zero (0) or the result of:

(1) the department of local government finance's estimate of the family and children property tax levy that will be imposed by the county under IC 12-19-7-4 **(before its repeal)** for the ensuing calendar year (before any adjustment under IC 12-19-7-4(b) **(before its repeal)** for the ensuing calendar year); minus

(2) the county's family and children property tax levy imposed by the county under IC 12-19-7-4 **(before its repeal)** for the current calendar year.

STEP THREE: This STEP applies only to property taxes first due and payable before January 1, 2009. Determine the greater of zero (0) or the result of:

(1) the department of local government finance's estimate of the children's psychiatric residential treatment services property tax levy that will be imposed by the county under IC 12-19-7.5-6 for **(before its repeal)** the ensuing calendar year (before any adjustment under IC 12-19-7.5-6(b) **(before its repeal)** for the ensuing calendar year); minus

(2) the children's psychiatric residential treatment services property tax imposed by the county under IC 12-19-7.5-6 **(before its repeal)** for the current calendar year.

STEP FOUR: Determine the greater of zero (0) or the result of:

(1) the department of local government finance's estimate of

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the county's maximum community mental health centers property tax levy under IC 12-29-2-2 for the ensuing calendar year (before any adjustment under IC 12-29-2-2(c) for the ensuing calendar year); minus

(2) the county's maximum community mental health centers property tax levy under IC 12-29-2-2 for the current calendar year.

(b) In the case of a county that wishes to impose a tax rate under IC 6-3.5-1.1-24 or IC 6-3.5-6-30 (as applicable) for the first time, the department of local government finance and ~~the department of state revenue (before January 1, 2010) or~~ the budget agency ~~(after December 31, 2009)~~ shall jointly estimate the amount that will be calculated under subsection (a) in the second year after the tax rate is first imposed. The department of local government finance and ~~the department of state revenue (before January 1, 2010) or~~ the budget agency ~~(after December 31, 2009)~~ shall calculate the tax rate under IC 6-3.5-1.1-24 or IC 6-3.5-6-30 (as applicable) that must be imposed in the county in the second year after the tax rate is first imposed to raise income tax revenue equal to the estimate under this subsection.

(c) The ~~department (before January 1, 2010) or the~~ budget agency ~~(after December 31, 2009)~~ and the department of local government finance shall make the calculations under subsections (a) and (b) based on the best information available at the time the calculation is made.

(d) Notwithstanding IC 6-3.5-1.1-24(h) and IC 6-3.5-6-30(h), if a county has adopted an income tax rate under IC 6-3.5-1.1-24 or IC 6-3.5-6-30 to replace property tax levy growth, the part of the tax rate under IC 6-3.5-1.1-24 or IC 6-3.5-6-30 that was used before January 1, 2009, to reduce levy growth in the county family and children's fund property tax levy and the children's psychiatric residential treatment services property tax levy shall instead be used for property tax relief in the same manner that a tax rate under IC 6-3.5-1.1-26 or IC 6-3.5-6-32 is used for property tax relief.

SECTION 59. IC 6-3.5-1.5-2, AS ADDED BY P.L.224-2007, SECTION 69, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 2. The department of local government finance shall, before ~~July~~ **September** 1 of each year, certify the amount calculated for a county under section 1 of this chapter to the county auditor.

SECTION 60. IC 6-3.5-6-1.5, AS ADDED BY P.L.113-2010, SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)]: Sec. 1.5. (a) Notwithstanding any other provision of this chapter, a power granted by this chapter to

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adopt an ordinance to:

(1) impose, increase, decrease, or rescind a tax or tax rate; or

(2) grant, increase, decrease, rescind, or change a homestead credit or property tax replacement credit authorized under this chapter;

may be exercised at any time in a year before November 1 of that year.

(b) Notwithstanding any other provision of this chapter, an ordinance authorized by this chapter that imposes or increases a tax or a tax rate takes effect as follows:

(1) An ordinance adopted after December 31 of the immediately preceding year and before October 1 of the current year takes effect October 1 of the current year.

(2) An ordinance adopted after September 30 and before October 16 of the current year takes effect November 1 of the current year.

(3) An ordinance adopted after October 15 and before November 1 of the current year takes effect December 1 of the current year.

(c) Notwithstanding any other provision of this chapter, an ordinance authorized by this chapter that decreases or rescinds a tax or a tax rate takes effect as follows:

(1) An ordinance adopted after December 31 of the immediately preceding year and before October 1 of the current year takes effect on the later of October 1 of the current year or the first day of the month in the current year as the month in which the last increase in the tax or tax rate occurred.

(2) An ordinance adopted after September 30 and before October 16 of the current year takes effect on the later of November 1 of the current year or the first day of the month in the current year as the month in which the last increase in the tax or tax rate occurred.

(3) An ordinance adopted after October 15 and before November 1 of the current year takes effect December 1 of the current year.

(d) ~~Notwithstanding any other provision of this chapter,~~ **Except as provided in subsection (e),** an ordinance authorized by this chapter that grants, increases, decreases, rescinds, or changes a homestead credit or property tax replacement credit authorized under this chapter takes effect for and **initially** applies to property taxes first due and payable in the year immediately following the year in which the ordinance is adopted.

(e) This subsection applies only to Miami County. A county income tax council may adopt an ordinance in 2012 to select a different combination of uses specified in section 32(f) of this chapter for tax revenue distributed to the county from a tax rate

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imposed under section 32 of this chapter (county option income tax rate to provide property tax relief to taxpayers). The county income tax council may provide in the ordinance that the ordinance initially takes effect for and applies to property taxes first due and payable in 2012. This subsection expires January 1, 2013.

SECTION 61. IC 6-3.5-6-8, AS AMENDED BY P.L.77-2011, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 8. (a) The county income tax council of any county in which the county adjusted gross income tax will not be in effect on December 1 of a year under an ordinance adopted during a previous calendar year may impose the county option income tax on the adjusted gross income of county taxpayers of its county.

(b) Except as provided in sections 30, 31, and 32 of this chapter, the county option income tax may initially be imposed at a rate of two-tenths of one percent (0.2%) on the resident county taxpayers of the county and at a rate of five-hundredths of one percent (0.05%) for all other county taxpayers.

(c) To impose the county option income tax, a county income tax council must pass an ordinance. The ordinance must substantially state the following:

> "The _____ County Income Tax Council imposes the county option income tax on the county taxpayers of _____ County. The county option income tax is imposed at a rate of two-tenths of one percent (0.2%) on the resident county taxpayers of the county and at a rate of five-hundredths of one percent (0.05%) on all other county taxpayers.".

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

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

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under this section and, ~~immediately~~ **not more than ten (10) days after the vote,** send a certified copy of the results to **the commissioner of** the department, **the director of the budget agency,**

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and the commissioner of the department of local government finance by certified mail **or in an electronic format approved by the director of the budget agency.**

SECTION 62. IC 6-3.5-6-9, AS AMENDED BY P.L.77-2011, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 9. (a) If on ~~March 31~~ **January 1** of a calendar year the county option income tax rate in effect for resident county taxpayers equals six tenths of one percent (0.6%), excluding a tax rate imposed under section 30, 31, or 32 of this chapter, the county income tax council of that county may pass an ordinance to increase its tax rate for resident county taxpayers. If a county income tax council passes an ordinance under this section, its county option income tax rate for resident county taxpayers increases by one-tenth of one percent (0.1%) in the year in which the ordinance is adopted, as provided in section 1.5 of this chapter, and on each succeeding October 1 until its rate reaches a maximum of one percent (1%), excluding a tax rate imposed under section 30, 31, or 32 of this chapter.

(b) The auditor of the county shall record any vote taken on an ordinance proposed under the authority of this section and, ~~immediately~~ **not more than ten (10) days after the vote,** send a certified copy of the results to **the commissioner of** the department, **the director of the budget agency, and the commissioner of the department of local government finance** by certified mail **or in an electronic format approved by the director of the budget agency.**

SECTION 63. IC 6-3.5-6-11, AS AMENDED BY P.L.77-2011, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 11. (a) This section does not apply to a tax rate imposed under section 30 of this chapter.

(b) The county income tax council of any county may adopt an ordinance to permanently freeze the county option income tax rates at the rate in effect for its county on December 1 of a year.

(c) To freeze the county option income tax rates, a county income tax council must adopt an ordinance. The ordinance must substantially state the following:

> "The _____ County Income Tax Council permanently freezes the county option income tax rates at the rate in effect on December 1 of the current year.".

(d) An ordinance adopted under the authority of this section remains in effect until rescinded.

(e) If a county income tax council rescinds an ordinance as adopted under this section, the county option income tax rate shall automatically increase by one-tenth of one percent (0.1%) until:

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(1) the tax rate is again frozen under another ordinance adopted under this section; or

(2) the tax rate equals six-tenths of one percent (0.6%) (if the frozen tax rate equaled an amount less than six-tenths of one percent (0.6%)) or one percent (1%) (if the frozen tax rate equaled an amount in excess of six-tenths of one percent (0.6%)).

(f) The county auditor shall record any vote taken on an ordinance proposed under the authority of this section and, ~~immediately~~ **not more than ten (10) days after the vote,** send a certified copy of the results to **the commissioner of** the department, **the director of the budget agency, and the commissioner of the department of local government finance** by certified mail **or in an electronic format approved by the director of the budget agency.**

SECTION 64. IC 6-3.5-6-12, AS AMENDED BY P.L.77-2011, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 12. (a) The county option income tax imposed by a county income tax council under this chapter remains in effect until rescinded.

(b) Subject to subsection (c), the county income tax council of a county may rescind the county option income tax by passing an ordinance.

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

(d) The auditor of a county shall record all votes taken on a proposed ordinance presented for a vote under the authority of this section and, ~~immediately~~ **not more than ten (10) days after the vote,** send a certified copy of the results to **the commissioner of** the department, **the director of the budget agency, and the commissioner of the department of local government finance** by certified mail **or in an electronic format approved by the director of the budget agency.**

SECTION 65. IC 6-3.5-6-12.5, AS AMENDED BY P.L.77-2011, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 12.5. (a) The county income tax council may adopt an ordinance to decrease the county option income tax rate in effect.

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(b) To decrease the county option income tax rate, the county income tax council must adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Income Tax Council decreases the county option income tax rate from _____ percent (___ %) to _____ percent (___ %).".

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

(d) The county auditor shall record the votes taken on an ordinance under this subsection and, **not more than ten (10) days after the vote,** shall send a certified copy of the ordinance to the **commissioner of the** department, **the director of the budget agency, and the commissioner of the department of local government finance** by certified mail ~~not more than thirty (30) days after the ordinance is adopted.~~ **or in an electronic format approved by the director of the budget agency.**

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

SECTION 66. IC 6-3.5-6-17, AS AMENDED BY P.L.229-2011, SECTION 90, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)]: Sec. 17. (a) Revenue derived from the imposition of the county option income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it. The amount that is to be distributed to a county during an ensuing calendar year equals the amount of county option income tax revenue that the budget agency determines has been:

(1) received from that county for a taxable year ending in a calendar year preceding 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 (as determined after review of the recommendation of the budget agency) for refunds of county option income tax made in the state fiscal year.

(b) Before August 2 of each calendar year, the budget agency shall certify to the county auditor of each adopting county the amount

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determined under subsection (a) plus the amount of interest in the county's account that has accrued and has not been included in a certification made in a preceding year. The amount certified is the county's "certified distribution" for the immediately succeeding calendar year. The amount certified shall be adjusted, as necessary, under subsections (c), (d), (e), and (f). 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 6-3.5-6-17.3.

The budget agency shall also certify information concerning the part of the certified distribution that is attributable to a tax rate under section 30, 31, or 32 of this chapter. This information must be certified to the county auditor and to the department of local government finance not later than September 1 of each calendar year. The part of the certified distribution that is attributable to a tax rate under section 30, 31, or 32 of this chapter may be used only as specified in those provisions.

(c) 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.

(d) The budget agency shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any 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.

(e) 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

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thereafter. The budget agency shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c). 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 required under subsections (c), (d), and (f). 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 (b) and reflects the changes made in the adjustment.

(f) This subsection applies in the year a county initially imposes a tax rate under section 30 of this chapter. Notwithstanding any other provision, the budget agency shall adjust the part of the county's certified distribution that is attributable to the tax rate under section 30 of this chapter to provide for a distribution in the immediately following calendar year equal to the result of:

(1) the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) in the year in which the county initially imposes a tax rate under section 30 of this chapter; multiplied by

(2) the following:

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

(B) In a county other than a county containing a consolidated city, two (2).

(g) One-twelfth (1/12) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 16 of this chapter to the appropriate county treasurer on the first **regular business** day of each month of that calendar year.

(h) Upon receipt, each monthly payment of a county's certified distribution shall be allocated among, distributed to, and used by the civil taxing units of the county as provided in sections 18 and 19 of this chapter.

(i) All distributions from an account established under section 16 of this chapter shall be made by warrants issued by the auditor of state to the treasurer of state ordering the appropriate payments.

(j) The budget agency shall before May 1 of every odd-numbered

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year publish an estimate of the statewide total amount of certified distributions to be made under this chapter during the following two (2) calendar years.

(k) The budget agency shall before May 1 of every even-numbered year publish an estimate of the statewide total amount of certified distributions to be made under this chapter during the following calendar year.

(l) The estimates under subsections (j) and (k) must specify the amount of the estimated certified distributions that are attributable to the additional rate authorized under section 30 of this chapter, the additional rate authorized under section 31 of this chapter, the additional rate authorized under section 32 of this chapter, and any other additional rates authorized under this chapter.

SECTION 67. IC 6-3.5-6-28, AS AMENDED BY P.L.77-2011, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 28. (a) This section applies only to Howard County.

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

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

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

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

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

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under this section.

(e) If the county fiscal body makes a determination under subsection (d), the county fiscal body may adopt a tax rate under subsection (c). Subject to the limitations in subsection (c), the county fiscal body may amend an ordinance adopted under this section to increase, decrease, or rescind the additional tax rate imposed under this section. ~~As soon as practicable after the adoption of an ordinance under this section,~~ **Not more than ten (10) days after the vote,** the county fiscal body shall send a certified copy of the ordinance to the county auditor, **the commissioner of the department, the director of the budget agency, and** the **commissioner of the** department of local government finance ~~and the department of state revenue.~~ **by certified mail or in an electronic format approved by the director of the budget agency.**

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

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

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

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

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

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

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

SECTION 68. IC 6-3.5-6-29, AS AMENDED BY P.L.77-2011, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 29. (a) This section applies only to Scott County. Scott County is a county in which:

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

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

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

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

promotes the purpose of maintaining low property tax rates.

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

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

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

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

(d) If the county fiscal body makes a determination under subsection (c), the county fiscal body may adopt an additional tax rate under subsection (b). Subject to the limitations in subsection (b), the county fiscal body may amend an ordinance adopted under this section to increase, decrease, or rescind the additional tax rate imposed under this section. ~~As soon as practicable after the adoption of an ordinance under this section,~~ **Not more than ten (10) days after the vote,** the county fiscal body shall send a certified copy of the ordinance to the county auditor, **the commissioner of the department, the director of the budget agency, and** the **commissioner of the** department of local government finance ~~and the department.~~ **by certified mail or in an electronic format approved by the director of the budget agency.**

(e) If the county imposes an additional tax rate under this section, the county treasurer shall establish a county jail revenue fund to be

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used only for the purposes described in this section. County option income tax revenues derived from the tax rate imposed under this section shall be deposited in the county jail revenue fund before making a certified distribution under section 18 of this chapter.

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

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

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

(3) may be pledged for the repayment of bonds issued or leases entered into to fund the purposes described in subsection (c)(1), except operation or maintenance.

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

SECTION 69. IC 6-3.5-6-30, AS AMENDED BY P.L.172-2011, SECTION 76, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 30. (a) In a county in which the county option income tax is in effect, the county income tax council may 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 adopt an ordinance to impose a tax rate under this section.

(c) If a county income tax council adopts an ordinance to impose or increase a tax rate under this section, **not more than ten (10) days after the vote,** the county auditor shall send a certified copy of the ordinance to the **commissioner of the** department, **the director of the budget agency,** and the **commissioner of the** department of local government finance by certified mail **or in an electronic format approved by the director of the budget agency.**

(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

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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 in the first 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 in the second 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(b), IC 6-1.1-18.5-3(c), 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 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 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(b), IC 6-1.1-18.5-3(c), 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:

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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(b), 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

(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), the county treasurer shall

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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 section.

(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 IC 6-1.1-18.5-3.

(j) The tax levy under this section shall not be considered 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 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) 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), 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), in the case of a county not containing a consolidated city.

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

(o) 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

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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.

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

(q) 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) 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) 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 70. IC 6-3.5-6-31, AS AMENDED BY P.L.172-2011, SECTION 77, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 31. (a) As used in this section, "public safety" refers to the following:

(1) A police and law enforcement system to preserve public peace and order.

(2) A firefighting and fire prevention system.

(3) Emergency ambulance services (as defined in IC 16-18-2-107).

(4) Emergency medical services (as defined in IC 16-18-2-110).

(5) Emergency action (as defined in IC 13-11-2-65).

(6) A probation department of a court.

(7) Confinement, supervision, services under a community

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corrections program (as defined in IC 35-38-2.6-2), or other correctional services for a person who has been:

(A) diverted before a final hearing or trial under an agreement that is between the county prosecuting attorney and the person or the person's custodian, guardian, or parent and that provides for confinement, supervision, community corrections services, or other correctional services instead of a final action described in clause (B) or (C);

(B) convicted of a crime; or

(C) adjudicated as a delinquent child or a child in need of services.

(8) A juvenile detention facility under IC 31-31-8.

(9) A juvenile detention center under IC 31-31-9.

(10) A county jail.

(11) A communications system (as defined in IC 36-8-15-3) or an enhanced emergency telephone system (as defined in IC 36-8-16-2).

(12) Medical and health expenses for jail inmates and other confined persons.

(13) Pension payments for any of the following:

(A) A member of the fire department (as defined in IC 36-8-1-8) or any other employee of a fire department.

(B) A member of the police department (as defined in IC 36-8-1-9), a police chief hired under a waiver under IC 36-8-4-6.5, or any other employee hired by a police department.

(C) A county sheriff or any other member of the office of the county sheriff.

(D) Other personnel employed to provide a service described in this section.

(b) The county income tax council may adopt an ordinance to impose an additional tax rate under this section to provide funding for public safety if:

(1) the county income tax council has imposed a tax rate under section 30 of this chapter, in the case of a county containing a consolidated city; or

(2) the county income tax council has imposed a tax rate of at least twenty-five hundredths of one percent (0.25%) under section 30 of this chapter, a tax rate of at least twenty-five hundredths of one percent (0.25%) under section 32 of this chapter, or a total combined tax rate of at least twenty-five hundredths of one percent (0.25%) under sections 30 and 32 of this chapter, in the

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case of a county other than a county containing a consolidated city.

(c) A tax rate under this section may not exceed the following:

(1) Five-tenths of one percent (0.5%), in the case of a county containing a consolidated city.

(2) Twenty-five hundredths of one percent (0.25%), in the case of a county other than a county containing a consolidated city.

(d) If a county income tax council adopts an ordinance to impose a tax rate under this section, **not more than ten (10) days after the vote,** the county auditor shall send a certified copy of the ordinance to the **commissioner of the** department, **the director of the budget agency,** and the **commissioner of the** department of local government finance by certified mail **or in an electronic format approved by the director of the budget agency.**

(e) 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.

(f) Except as provided in subsections (l) and (m), the county auditor shall distribute the portion of the certified distribution that is attributable to a tax rate under this section to the county and to each municipality in the county that is carrying out or providing at least one (1) of the public safety purposes described in subsection (a). The amount that shall be distributed to the county or municipality is equal to the result of:

(1) the portion of the certified distribution that is attributable to a tax rate under this section; multiplied by

(2) a fraction equal to:

(A) the total property taxes being collected in the county by the county or municipality for the calendar year; divided by

(B) the sum of the total property taxes being collected in the county by the county and each municipality in the county that is entitled to a distribution under this section for the calendar year.

The county auditor shall make the distributions required by this subsection not more than thirty (30) days after receiving the portion of the certified distribution that is attributable to a tax rate under this section. Tax revenue distributed to a county or municipality under this subsection must be deposited into a separate account or fund and may be appropriated by the county or municipality only for public safety purposes.

(g) The department of local government finance may not require a county or municipality receiving tax revenue under this section to

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reduce the county's or municipality's property tax levy for a particular year on account of the county's or municipality's receipt of the tax revenue.

(h) 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 8 or 9 of this chapter or any other provision of this chapter;

(2) the maximum permissible property tax levy under IC 6-1.1-18.5-3; or

(3) the credit under IC 6-1.1-20.6.

(i) The tax rate under this section may be imposed or rescinded at the same time and in the same manner that the county may impose or increase a tax rate under section 30 of this chapter.

(j) 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.

(k) 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.

(l) Two (2) or more political subdivisions that are entitled to receive a distribution under this section may adopt resolutions providing that some part or all of those distributions shall instead be paid to one (1) political subdivision in the county to carry out specific public safety purposes specified in the resolutions.

(m) A fire department, volunteer fire department, or emergency medical services provider that:

(1) provides fire protection or emergency medical services within the county; and

(2) is operated by or serves a political subdivision that is not otherwise entitled to receive a distribution of tax revenue under this section;

may before July 1 of a year apply to the county income tax council for a distribution of tax revenue under this section during the following calendar year. The county income tax council shall review an application submitted under this subsection and may before September 1 of a year adopt a resolution requiring that one (1) or more of the applicants shall receive a specified amount of the tax revenue to be distributed under this section during the following calendar year. A resolution approved under this subsection providing for a distribution to one (1) or more fire departments, volunteer fire departments, or

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emergency services providers applies only to distributions in the following calendar year. Any amount of tax revenue distributed under this subsection to a fire department, volunteer fire department, or emergency medical services provider shall be distributed before the remainder of the tax revenue is distributed under subsection (f).

SECTION 71. IC 6-3.5-6-32, AS AMENDED BY P.L.172-2011, SECTION 78, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 32. (a) A county income tax council may impose a tax rate under this section to provide property tax relief 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, **not more than ten (10) days after the vote,** the county auditor shall send a certified copy of the ordinance to the **commissioner of the** department, **the director of** the budget agency, and the **commissioner of the** department of local government finance by certified mail **or in an electronic format approved by the director of the budget agency.**

(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 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

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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 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) 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) This subdivision applies only to Lake County. The Lake 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.

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(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. 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

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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 IC 6-1.1-18.5-3; 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 72. IC 6-3.5-6-33, AS AMENDED BY P.L.77-2011, SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 33. (a) This section applies only to Monroe County.

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

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

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

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

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

(e) If the county fiscal body makes a determination under subsection (d), the county fiscal body may adopt a tax rate under subsection (c). Subject to the limitations in subsection (c), the county fiscal body may amend an ordinance adopted under this section to increase, decrease, or rescind the additional tax rate imposed under this section. ~~As soon as practicable after the adoption of an ordinance under this section,~~ **Not more than ten (10) days after the vote,** the county fiscal body shall send a certified copy of the ordinance to the county auditor, **the commissioner of the department, the director of the budget agency, and the commissioner of** the department of local government finance ~~and the department of state revenue.~~ **by certified mail or in an electronic format approved by the director of the budget agency.**

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

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

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

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

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

(i) The budget agency shall adjust the certified distribution of a county to provide for an increased distribution of taxes in the

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

SECTION 73. IC 6-3.5-7-1.5 IS REPEALED [EFFECTIVE JULY 1, 2012]. ~~Sec. 1.5. As used in this chapter, "capital project" includes substance removal or remedial action in a designated unit.~~

SECTION 74. IC 6-3.5-7-4.3 IS REPEALED [EFFECTIVE JULY 1, 2012]. ~~Sec. 4.3. As used in this chapter, "designated unit" refers to a county having a population of more than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000).~~

SECTION 75. IC 6-3.5-7-4.6 IS REPEALED [EFFECTIVE JULY 1, 2012]. ~~Sec. 4.6. As used in this chapter, "remedial action" has the meaning set forth in IC 13-11-2-185.~~

SECTION 76. IC 6-3.5-7-4.7 IS REPEALED [EFFECTIVE JULY 1, 2012]. ~~Sec. 4.7. As used in this chapter, "removal" has the meaning set forth in IC 13-11-2-187.~~

SECTION 77. IC 6-3.5-7-4.8 IS REPEALED [EFFECTIVE JULY 1, 2012]. ~~Sec. 4.8. As used in this chapter, "substance" has the meaning set forth in IC 13-11-2-98 for "hazardous substance".~~

SECTION 78. IC 6-3.5-7-5, AS AMENDED BY P.L.199-2011, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 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~~ **October 1** 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~~ **October 1** of the year the county economic development tax is imposed; or

(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.

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(b) Except as provided in ~~subsections (c) (g), (k), (p), and (r)~~ **this section** 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),~~ **this section,** 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),~~ **this section,** 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 adopt an ordinance.

(e) 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.".

(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, **the director of the budget agency, and the commissioner of the department of local government finance** by certified mail **or in an electronic format approved by the director of the budget agency.**

~~(g) This subsection applies to a county having a population of more 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:~~

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~~(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)~~ **(g)** For ~~a~~ **Jackson** 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),~~ **(o),** 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)~~ **(h)** For ~~a~~ **Pulaski** 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),~~ **(o),** 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)~~ **(i)** For ~~a~~ **Wayne** 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),~~ **(o),** 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)~~ **(j)** This subsection applies to ~~a~~ **Randolph** 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),~~ **(o),** 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 (1.5%);

if the county council makes a determination to impose rates under this

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subsection and section 22.5 of this chapter.

~~(l)~~ **(k)** For ~~a~~ **Daviess** 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),~~ **(o),** 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)~~ **(l)** For:

(1) ~~a~~ **Elkhart** 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~~ **Marshall** 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),~~ **(o),** 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)~~ **(m)** For ~~a~~ **Union** County, ~~having a population of more than six thousand (6,000) but less than eight thousand (8,000),~~ except as provided in subsection ~~(p),~~ **(o),** 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)~~ **(n)** This subsection applies to ~~a~~ **Knox** 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),~~ **(o),** 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)~~ **(o)** In addition:

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(1) the county economic development income tax may be imposed 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 **(repealed)** 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 or IC 6-1.1-12-42 or from the exclusion in 2008 of inventory from the definition of personal property in IC 6-1.1-1-11.

~~(q)~~ **(p)** If the county economic development income tax is imposed as authorized under subsection ~~(p)~~ **(o)** 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(e) 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)~~ **(q)** This subsection applies only to a county described in section 27 of this chapter. Except as provided in subsection ~~(p),~~ **(o),** 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)~~ **(r)** Except as provided in subsection ~~(p),~~ **(o),** the county economic development income tax rate plus the county adjusted gross

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income tax rate that are in effect on January 1 of a year may not exceed one and 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)~~ **(s)** This subsection applies to Howard County. Except as provided in subsection ~~(p),~~ **(o),** 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)~~ **(t)** This subsection applies to Scott County. Except as provided in subsection ~~(p),~~ **(o),** 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)~~ **(u)** This subsection applies to Jasper County. Except as provided in subsection ~~(p),~~ **(o),** 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)~~ **(v)** 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)~~ **(w)** The income tax rate limits imposed by subsection (c) or ~~(y)~~ **(x)** 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)~~ **(x)** 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)~~ **(x)** This subsection applies to Monroe County. Except as provided in subsection ~~(p),~~ **(o),** if an ordinance is adopted under IC 6-3.5-6-33, the sum of the county economic development income

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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%).

~~(z)~~ **(y)** This subsection applies to Perry County. Except as provided in subsection ~~(p),~~ **(o),** if an ordinance is adopted under section 27.5 of this chapter, the county economic development income tax rate plus the county option income tax rate that is in effect on January 1 of a year may not exceed one and seventy-five hundredths percent (1.75%).

(z) This subsection applies to Starke County. Except as provided in subsection (o), if an ordinance is adopted under section 27.6 of this chapter, the county economic development income tax rate plus the county adjusted gross income tax rate that is in effect on January 1 of a year may not exceed two percent (2%).

SECTION 79. IC 6-3.5-7-6, AS AMENDED BY P.L.77-2011, SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 6. (a) The body imposing the tax may decrease or increase the county economic development income tax rate imposed upon the county taxpayers as long as the resulting rate does not exceed the rates specified in section 5(b) and 5(c) ~~or 5(g)~~ of this chapter. The rate imposed under this section must be adopted at one (1) of the rates specified in section 5(b) of this chapter. To decrease or increase the rate, the appropriate body must adopt an ordinance. The ordinance must substantially state the following:

"The _____ County _____ increases (decreases) the county economic development income tax rate imposed upon the county taxpayers of the county from _____ percent (___%) to _____ percent (___%).".

(b) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and, ~~immediately~~ **not more than ten (10) days after the vote,** send a certified copy of the results to **the commissioner of** the department, **the director of the budget agency, and the commissioner of the department of local government finance** by certified mail **or in an electronic format approved by the director of the budget agency.**

SECTION 80. IC 6-3.5-7-7, AS AMENDED BY P.L.77-2011, SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 7. (a) The county economic development income tax imposed under this chapter remains in effect until rescinded.

(b) Subject to section 14 of this chapter, the body imposing the county economic development income tax may rescind the tax by adopting an ordinance.

(c) The auditor of a county shall record all votes taken on

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ordinances presented for a vote under the authority of this section and, ~~immediately~~ **not more than ten (10) days after the vote,** send a certified copy of the results to **the commissioner of** the department, **the director of the budget agency, and the commissioner of the department of local government finance** by certified mail **or in an electronic format approved by the director of the budget agency.**

SECTION 81. IC 6-3.5-7-11, AS AMENDED BY P.L.229-2011, SECTION 92, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 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.

(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

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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 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)~~ **(f)** 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.

~~(i)~~ **(h)** The budget agency shall before May 1 of every odd-numbered year publish an estimate of the statewide total amount of certified distributions to be made under this chapter during the following two (2) calendar years.

~~(j)~~ **(i)** The budget agency shall before May 1 of every

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even-numbered year publish an estimate of the statewide total amount of certified distributions to be made under this chapter during the following calendar year.

~~(k)~~ **(j)** The estimates under subsections ~~(i) and (j)~~ **(h) and (i)** must specify the amount of the estimated certified distributions that are attributable to any additional rates authorized under this chapter.

SECTION 82. IC 6-3.5-7-12, AS AMENDED BY P.L.199-2011, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)]: Sec. 12. (a) Except as provided in sections 23, ~~25,~~ 26, 27, 27.5, **27.6,** 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 ~~during May and November~~ **each month** 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 August 2 of a year to provide for the distribution of certified distributions under this

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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~~ **each month** 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.

(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

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sections 15 ~~25,~~ and 26 of this chapter.

SECTION 83. IC 6-3.5-7-13.1, AS AMENDED BY P.L.199-2011, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 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, 27, ~~and~~ 27.5, **and 27.6** 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, 27, ~~and~~ 27.5, **and 27.6** 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 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;

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(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~~ **Porter** County, ~~having a population of more than one hundred forty-five thousand (145,000) but less than one hundred forty-eight thousand (148,000),~~ the first three million five hundred thousand dollars ($3,500,000) of the tax revenue that results each year from the tax rate increase shall be used by the county or by eligible municipalities (as defined in IC 36-7.5-1-11.3) in the county only to make the county's transfer required by IC 36-7.5-4-2. The first three million five hundred thousand dollars ($3,500,000) of the tax revenue that results each year from the tax rate increase shall be paid by the county treasurer to the treasurer of the northwest Indiana regional development authority under IC 36-7.5-4-2 before certified distributions are made to the county or any cities or towns in the county under this chapter from the tax revenue that results each year from the tax rate increase. If ~~a~~ **Porter** 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~~ **Porter** 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

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county and cities and towns in the county for homestead credits under subdivision (5).

(5) This subdivision applies only in ~~a~~ **Porter** 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 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~~ **Lake** 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 specify the amount of county economic development income tax revenue that will be used to provide homestead credits in the following year.

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

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ordinance is adopted.

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

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

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

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

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

(8) This subdivision applies only to ~~a~~ **LaPorte** County, **if:**

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

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

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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 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:

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(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 (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 JULY 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

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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.

(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, AS AMENDED BY P.L.77-2011, SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)]: Sec. 16. (a) ~~Except as provided in subsections (b) and (c), on May 1 of each year, one-half (1/2)~~ **One-twelfth (1/12)** 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 **appropriate** county treasurer ~~The other one-half (1/2) shall be distributed~~ on ~~November 1~~ **the first regular business day of each month** 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), if the ordinance imposing the tax is adopted before July 1 of a year. Notwithstanding section 11 of this chapter, the initial certified distribution certified for a county under~~

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~~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 5 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 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)~~ **(b)** 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 6-3.5-7-22 IS REPEALED [EFFECTIVE JULY 1, 2012]. ~~Sec. 22. (a) This section only applies to a designated unit.~~

~~(b) The county income tax council may, by ordinance, determine that economic development income tax money is needed in the county to fund substance removal and remedial action, including the repayment of bonds or other debt incurred for substance removal or remedial action, and the actions taken to fund substance removal and remedial action serve a public purpose by promoting public health, welfare, and safety.~~

~~(c) If the county income tax council makes a determination under subsection (b), the county income tax council may adopt a tax rate under section 5(g) of this chapter. The tax rate may not be imposed at a rate or for a time greater than is necessary to fund substance removal and remedial action in the county, including the repayment of bonds or other debt incurred for substance removal or remedial action.~~

~~(d) The county treasurer shall establish a substance removal and~~

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~~remedial action fund to be used only for the purposes described in this section. County economic development income tax revenues derived from the tax rate imposed under section 5(g) of this chapter shall be deposited in the substance removal and remedial action fund before making a certified distribution under section 12 of this chapter.~~

~~(e) The county income tax council may, by ordinance, appropriate or pledge any part of the substance removal and remediation action fund to a political subdivision or to an entity formed by an interlocal cooperation agreement under IC 36-1-7 for the purposes set forth in this chapter in the county.~~

~~(f) The county auditor shall distribute the amount specified in the ordinance to the designated political subdivision or to an entity formed by an interlocal cooperation agreement under IC 36-1-7 from the substance removal and remedial action fund.~~

~~(g) Bonds issued by a political subdivision or an entity formed by an interlocal cooperation agreement under IC 36-1-7 payable from the substance removal and remedial action fund do not constitute debt of a designated unit or a city or town in the designated unit, and the bonds shall contain a statement on their face to that effect and to the effect that the bonds are payable solely from money in the substance removal and remedial action fund, and other available funds, and are not supported by the full faith and credit of the county, city, or town.~~

SECTION 87. IC 6-3.5-7-25 IS REPEALED [EFFECTIVE JULY 1, 2012]. ~~Sec. 25. (a) This section applies only to a county that has adopted an ordinance under IC 6-1.1-12-41(f).~~

~~(b) For purposes of this section, "imposing entity" means the entity that adopted the ordinance under IC 6-1.1-12-41(f).~~

~~(c) The imposing entity may adopt an ordinance to provide for the use of the certified distribution described in section 16(c) of this chapter for the purpose provided in subsection (e). A county income tax council 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. Except as provided in subsection (j), an ordinance must be adopted under this subsection 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 made in the calendar year that immediately succeeds the calendar year in which the ordinance is adopted;~~

~~(2) must specify the calendar years to which the ordinance applies; and~~

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~~(3) must specify that the certified distribution must be used to provide for:~~

~~(A) uniformly applied increased homestead credits as provided in subsection (f); or~~

~~(B) allocated increased homestead credits as provided in subsection (h).~~

~~An ordinance adopted under this subsection may be combined with an ordinance adopted under section 26 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 (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 imposing entity shall use the certified distribution described in section 16(c) of this chapter to increase the homestead credit allowed in the county under IC 6-1.1-20.9 for a year to offset the effect on homesteads in the county resulting from a county deduction for inventory under IC 6-1.1-12-41.~~

~~(f) If the imposing entity specifies the application of uniform increased homestead credits under subsection (c)(3)(A), the county auditor shall, for each calendar year in which an increased homestead credit percentage is authorized under this section, determine:~~

~~(1) the amount of the certified distribution that is available to provide an increased homestead credit percentage 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 increased percentage of homestead credit that equates to the amount of homestead credits determined under subdivision (2).~~

~~(g) The increased percentage of homestead credit determined by the county auditor under subsection (f) applies uniformly in the county in the calendar year for which the increased percentage is determined.~~

~~(h) If the imposing entity specifies the application of allocated increased homestead credits under subsection (c)(3)(B), the county auditor shall, for each calendar year in which an increased homestead credit is authorized under this section, determine:~~

~~(1) the amount of the certified distribution that is available to provide an increased homestead credit for the year; and~~

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~~(2) an increased percentage of homestead credit for each taxing district in the county that allocates to the taxing district an amount of increased homestead credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-41 in the taxing district for the immediately preceding year's assessment date bears to the total inventory assessed value deducted under IC 6-1.1-12-41 in the county for the immediately preceding year's assessment date.~~

~~(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 increase of the homestead credit 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 an increased homestead credit.~~

~~(j) An entity authorized to adopt:~~

~~(1) an ordinance under subsection (c); and~~

~~(2) an ordinance under IC 6-1.1-12-41(f);~~

~~may consolidate the two (2) ordinances. The limitation under subsection (c) that an ordinance must be adopted after January 1 of a calendar year does not apply if a consolidated ordinance is adopted under this subsection. However, notwithstanding subsection (c)(1), the ordinance must state that it first applies to certified distributions in the calendar year in which property taxes are initially affected by the deduction under IC 6-1.1-12-41.~~

SECTION 88. IC 6-3.5-7-25.5 IS REPEALED [EFFECTIVE JULY 1, 2012]. ~~Sec. 25.5. Subject to the approval of the imposing entity, the county auditor may adjust the increased percentage of homestead credit determined under section 25(h)(2) of this chapter if the county auditor determines that the adjustment is necessary to achieve an equitable reduction of property taxes among the homesteads in the county.~~

SECTION 89. IC 6-3.5-7-26, AS AMENDED BY P.L.77-2011, SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 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:

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(A) the entity that adopts an ordinance under IC 6-1.1-12-41(f); or

(B) any other 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 (repealed) or the standard deduction under IC 6-1.1-12-37.

(4) "Residential" 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 (repealed) or the standard deduction under IC 6-1.1-12-37.

(B) Real property not described in clause (A) 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) residential property; or

(ii) commercial property.

(c) An adopting entity may adopt an ordinance to provide for the use of the certified distribution described in section ~~16(c)~~ **16** of this chapter for the 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. The ordinance may provide for an additional rate under section ~~5(p)~~ **5(o)** of this chapter. An ordinance adopted under this subsection:

(1) first applies to the certified distribution described in section ~~16(c)~~ **(16)** of this chapter 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) Uniformly applied residential credits as provided in subsection (g).

(C) Allocated homestead credits as provided in subsection (i).

(D) Allocated residential credits as provided in subsection (j).

An ordinance adopted under this subsection may be combined with an

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ordinance adopted under section 25 of this chapter **(before its repeal).**

(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); 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)~~ **(16)** of this chapter to provide:

(1) if the ordinance grants a credit described in subsection (c)(2)(A) or (c)(2)(C), a homestead credit for homesteads; or

(2) if the ordinance grants a credit described in subsection (c)(2)(B) or (c)(2)(D), a property tax replacement credit for residential property;

for property taxes 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 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) If the imposing entity specifies the application of uniform residential credits under subsection (c)(2)(B), the county auditor shall determine for each calendar year in which a homestead credit percentage is authorized under this section:

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(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 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) 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) 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) If the imposing entity specifies the application of allocated residential property tax replacement credits under subsection (c)(2)(D), 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), 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

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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.

(k) 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) 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) 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 90. IC 6-3.5-7-27, AS AMENDED BY P.L.77-2011, SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 27. (a) This section applies to a county that:

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

(A) is issued by a federal district court;

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

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

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

(b) A county described in this section possesses unique fiscal challenges in financing, renovating, equipping, and operating the county courthouse facilities and related facilities because the county consistently has one **(1)** of the highest unemployment rates in Indiana.

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Maintaining low property tax rates is essential to economic development in the county. The use of economic development income tax revenues under this section for the purposes described in subsection (c) promotes that purpose.

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

(1) constructing, acquiring, improving, renovating, equipping, or operating the county courthouse or related facilities;

(2) repaying any bonds issued, or leases entered into, for constructing, acquiring, improving, renovating, equipping, or operating the county courthouse or related facilities; and

(3) economic development projects described in the county's capital improvement plan.

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

(e) If the county council adopts an ordinance to impose an additional tax under this section, the county auditor shall, ~~immediately~~ **not more than ten (10) days after the vote,** send a certified copy of the ordinance to **the commissioner of** the department, **the director of the budget agency, and the commissioner of the department of local government finance** by certified mail **or in an electronic format approved by the director of the budget agency.** The county treasurer shall establish a county facilities revenue fund to be used only for the purposes described in subsection (c)(1) and (c)(2). The amount of county economic development income tax revenues derived from the tax rate imposed under this section that are necessary to pay the costs described in subsection (c)(1) and (c)(2) shall be deposited into the county facilities revenue fund before a certified distribution is made under section 12 of this chapter. The remainder shall be deposited into the economic development income tax funds of the county's units.

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

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

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

SECTION 91. IC 6-3.5-7-27.6 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 27.6. (a) This section applies to Starke County.**

(b) Starke County possesses unique governmental and economic development challenges due to:

(1) the county's predominantly rural geography, demography, and economy;

(2) the county's relatively low tax base and relatively high property tax rates;

(3) the current maximum capacity of the county jail, which was constructed in 1976; and

(4) pending federal class action litigation seeking a mandate to address capacity and living conditions in the county jail.

The use of county economic development income tax revenue under this section is necessary for the county to address jail capacity and appropriate inmate living conditions and to maintain low property tax rates essential to economic development. The use of the economic development income tax revenue under this section for the purposes described in subsections (c) and (d) promotes that purpose.

(c) The county council may, by ordinance, determine that additional county economic development income tax revenue is needed in the county to:

(1) finance, construct, acquire, and equip the county jail and related buildings and parking facilities, including costs related to the demolition of existing buildings, the acquisition of land, and any other reasonably related costs; and

(2) repay bonds issued or leases entered into for constructing, acquiring, and equipping the county jail and related buildings and parking facilities, including costs related to the demolition of existing buildings, the acquisition of land, and any other reasonably related costs.

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(d) The county council may, by ordinance, determine that additional county economic development income tax revenue is needed in the county to operate or maintain the facilities described in subsection (c)(1) that are located in the county. The county council may make a determination under this subsection and under subsection (c).

(e) In addition to the rates permitted by section 5 of this chapter, the county council may, subject to subsections (f) and (g), impose the county economic development income tax at a rate not to exceed sixty-five hundredths percent (0.65%) on the adjusted gross income of county taxpayers if the county council:

(1) makes the determination described in subsection (c); or

(2) makes both the determination described in subsection (c) and the determination described in subsection (d).

(f) If the county council makes only the determination under subsection (c), the county council may adopt a tax rate under subsection (e). The tax rate may not exceed the lesser of:

(1) sixty-five hundredths percent (0.65%); or

(2) the tax rate that is necessary to pay the costs of financing, acquiring, and equipping the county jail and related buildings and parking facilities, including costs related to the demolition of existing buildings, the acquisition of land, and any other reasonably related costs.

(g) If the county council makes both the determination under subsection (c) and the determination under subsection (d), the county council may adopt a tax rate under subsection (e). The tax rate may not exceed the lesser of:

(1) sixty-five hundredths percent (0.65%); or

(2) the tax rate that is necessary to:

(A) pay the costs of financing, acquiring, and equipping the county jail and related buildings and parking facilities, including costs related to the demolition of existing buildings, the acquisition of land, and any other reasonably related costs; and

(B) provide sufficient annual revenues to operate and maintain the facilities described in subsection (c)(1).

(h) A tax rate imposed under this section may be imposed only until the later of:

(1) the date on which the last of any bonds issued or leases entered into to finance the facilities are fully paid; or

(2) the date on which the ordinance under subsection (c) or (d) is repealed or rescinded.

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The term of the bonds issued (including any refunding bonds) or a lease entered into under subsection (c)(2) may not exceed twenty-five (25) years.

(i) The county treasurer shall establish a county jail revenue fund to be used only for the purposes described in this section. County economic development income tax revenues derived from the tax rate imposed under this section shall be deposited in the county jail revenue fund before making a certified distribution under section 11 of this chapter.

(j) County economic development income tax revenues derived from the tax rate imposed under this section:

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

(2) may not be considered by the department of local government finance in determining the county's maximum permissible ad valorem property tax levy limit under IC 6-1.1-18.5; and

(3) may be pledged to the repayment of bonds issued or leases entered into for the purposes described in subsection (c).

SECTION 92. IC 6-3.5-7-28, AS AMENDED BY P.L.172-2011, SECTION 79, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 28. (a) This section applies only to a county that is a member of a regional development authority under IC 36-7.6.

(b) In addition to the rates permitted by section 5 of this chapter, the entity that imposed the county economic development income tax under section 5 of this chapter (or, in the case of a county that has not imposed the county economic development income tax, the entity that may impose the county economic development income tax under section 5(a)(3) of this chapter) may by ordinance impose an additional county economic development income tax at a rate of:

(1) in the case of a county described in IC 36-7.6-4-2(b)(2), twenty-five thousandths of one percent (0.025%); or

(2) in the case of any other county to which this section applies, five-hundredths of one percent (0.05%);

on the adjusted gross income of county taxpayers.

(c) If an additional county economic development income tax is imposed under this section, the county treasurer shall establish a county regional development authority fund. Notwithstanding any other provision of this chapter, the county economic development income tax revenues derived from the additional county economic development income tax imposed under this section must be deposited in the county regional development authority fund before any certified distributions

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are made under section 12 of this chapter.

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

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

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

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

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

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

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

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

SECTION 93. IC 6-7-2-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 6. As used in this chapter, "wholesale price" means the **net** price **shown on an invoice and** at which the manufacturer of the tobacco products sells tobacco products to distributors, excluding any discount or other reduction **that is not shown on the invoice.**

SECTION 94. IC 6-8.1-9-1, AS AMENDED BY P.L.172-2011, SECTION 89, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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JULY 1, 2012]: Sec. 1. (a) If a person has paid more tax than the person determines is legally due for a particular taxable period, the person may file a claim for a refund with the department. Except as provided in subsections (f) **and** (g), ~~and (h),~~ in order to obtain the refund, the person must file the claim with the department within three (3) years after the latter of the following:

(1) The due date of the return.

(2) The date of payment.

For purposes of this section, the due date for a return filed for the state gross retail or use tax, the gasoline tax, the special fuel tax, the motor carrier fuel tax, the oil inspection fee, or the petroleum severance tax is the end of the calendar year which contains the taxable period for which the return is filed. The claim must set forth the amount of the refund to which the person is entitled and the reasons that the person is entitled to the refund.

(b) After considering the claim and all evidence relevant to the claim, the department shall issue a decision on the claim, stating the part, if any, of the refund allowed and containing a statement of the reasons for any part of the refund that is denied. The department shall mail a copy of the decision to the person who filed the claim. If the person disagrees with a part of the decision, the person may file a protest and request a hearing with the department. The department shall mail a copy of the decision to the person who filed the protest. If the department allows the full amount of the refund claim, a warrant for the payment of the claim is sufficient notice of the decision.

(c) If the person disagrees with any part of the department's decision, the person may appeal the decision, regardless of whether or not the person protested the tax payment or whether or not the person has accepted a refund. The person must file the appeal with the tax court. The tax court does not have jurisdiction to hear a refund appeal suit, if:

~~(1) the appeal is filed more than three (3) years after the date the claim for refund was filed with the department;~~

~~(2)~~ **(1)** the appeal is filed more than ninety (90) days after the later of the date the department mails:

(A) the decision of denial of the claim to the person; or

(B) the decision made on the protest filed under subsection (b); or

~~(3)~~ **(2)** the appeal is filed both before the decision is issued and before the one hundred eighty-first day after the date the person files the claim for refund with the department.

(d) The tax court shall hear the appeal de novo and without a jury,

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and after the hearing may order or deny any part of the appealed refund. The court may assess the court costs in any manner that it feels is equitable. The court may enjoin the collection of any of the listed taxes under IC 33-26-6-2. The court may also allow a refund of taxes, interest, and penalties that have been paid to and collected by the department.

(e) With respect to the motor vehicle excise tax, this section applies only to penalties and interest paid on assessments of the motor vehicle excise tax. Any other overpayment of the motor vehicle excise tax is subject to IC 6-6-5.

(f) If a taxpayer's federal income tax liability for a taxable year is modified by the Internal Revenue Service, and the modification would result in a reduction of the tax legally due, the due date by which the taxpayer must file a claim for refund with the department is the later of:

(1) the date determined under subsection (a); or

(2) the date that is one hundred eighty (180) days after the date on which the taxpayer is notified of the modification by the Internal Revenue Service.

(g) If an agreement to extend the assessment time period is entered into under IC 6-8.1-5-2(h), the period during which a person may file a claim for a refund under subsection (a) is extended to the same date to which the assessment time period is extended.

~~(h) If a taxpayer's claim for a refund of gross retail or use tax is based on:~~

~~(1) IC 6-2.5-4-5(c)(3); or~~

~~(2) the exemption provided by IC 6-2.5-5-5.1 for electrical energy, natural or artificial gas, water, steam, and steam heat;~~

~~the person must file the claim with the department within eighteen (18) months after the date of payment.~~

SECTION 95. IC 6-9-33-8, AS AMENDED BY P.L.229-2011, SECTION 98, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 8. (a) If a tax is imposed under section 3 of this chapter, the county treasurer shall establish a supplemental coliseum improvement fund. The county treasurer shall deposit in this fund all amounts received from the tax imposed under this chapter. Money in this fund:

(1) may be appropriated only to retire or advance refund bonds issued, loans obtained, or lease payments incurred under IC 36-1-10 (referred to in this chapter as "obligations") to remodel, expand, improve, or acquire an athletic and exhibition coliseum in existence before the effective date of an ordinance adopted under section 3 of this chapter; and

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(2) shall be used to make transfers required by subsection (b).

(b) There is established a **food and beverage tax fund, with a** food and beverage tax reserve account, **both** to be administered by the capital improvement board of managers (IC 36-10-8). The money that is deposited in the supplemental coliseum improvement fund after December 31, 2009, and is not needed in a year to make payments on obligations for which a pledge of revenue under this chapter was made before January 1, 2009, shall be transferred to the capital improvement board. The county treasurer shall make the transfer before February 1 of the following year. The capital improvement board shall deposit the money it receives in the board's food and beverage tax **fund** reserve account. Money in the reserve account may not be withdrawn or transferred during the year it is received except to make transfers back to the county to make payments on obligations for which a pledge of revenue under this chapter was made before January 1, 2009. However, the capital improvement board may transfer:

(1) interest earned on money in the reserve account; and

(2) an amount equal to the balance that has been held in the reserve account for at least twelve (12) months;

to the board's ~~capital improvement fund established by IC 36-10-8-12.~~ **food and beverage tax fund and used as provided in subsection (c).**

(c) Excess revenue transferred under subsection (b) to the capital improvement board of managers may be used to provide funding for:

(1) the construction of a capital improvement (as defined in IC 36-10-1-4);

(2) an economic development project as described in:

(A) IC 6-3.5-7-13.1(c)(1) or IC 6-3.5-7-13.1(c)(2)(A) through IC 6-3.5-7-13.1(c)(2)(I); and

(B) IC 6-3.5-7-13.1(c)(2)(K); or

(3) financing a capital improvement or an economic development project described in subdivision (1) or (2).

In carrying out this subsection, the capital improvement board may borrow against future tax revenue that will be collected under this chapter. In addition, the capital improvement board may use an amount not to exceed one hundred thousand dollars ($100,000) annually from the tax revenue collected under this chapter to pay expenses related to investigating a potential capital improvement or economic development project, including feasibility and preliminary engineering studies related to such a capital improvement or economic development project.

(d) Excess revenue transferred under subsection (b) to the capital improvement board of managers may not be used to:

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(1) provide funding for improvements initiated before January 1, 2009, that are located in the area bounded on the north by Jefferson Boulevard, on the east by Harrison Street, on the south by Breckenridge Street, and on the west by Ewing Street as those public ways were located on January 1 2009, as part of the Harrison Square project;

(2) provide for debt service or lease payments for a project for which the obligations for the project were incurred before January 1, 2009; or

(3) pay operational expenses for any facilities of the municipality.

SECTION 96. IC 6-9-43 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 43. Town of Fishers Food and Beverage Tax

Sec. 1. This chapter applies to the Town of Fishers.

Sec. 2. The definitions in IC 6-9-12-1 apply throughout this chapter.

Sec. 3. (a) The fiscal body of the town may adopt an ordinance not later than September 30, 2012, to impose an excise tax, known as the town food and beverage tax, on transactions described in section 4 of this chapter.

(b) If the town fiscal body adopts an ordinance under subsection (a), the town fiscal body shall immediately send a certified copy of the ordinance to the department of state revenue.

(c) If the town fiscal body adopts an ordinance under subsection (a), the town food and beverage tax applies to transactions that occur after the last day of the month that succeeds the month in which the ordinance is adopted.

Sec. 4. (a) Except as provided in subsection (c), a tax imposed under section 3 of this chapter applies to a transaction in which food or beverage is furnished, prepared, or served:

(1) for consumption at a location or on equipment provided by a retail merchant;

(2) in the town; and

(3) by a retail merchant for consideration.

(b) Transactions described in subsection (a)(1) include transactions in which food or beverage is:

(1) served by a retail merchant off the merchant's premises;

(2) food sold in a heated state or heated by a retail merchant;

(3) made of two (2) or more food ingredients, mixed or combined by a retail merchant for sale as a single item (other than food that is only cut, repackaged, or pasteurized by the

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seller, and eggs, fish, meat, poultry, and foods containing these raw animal foods requiring cooking by the consumer as recommended by the federal Food and Drug Administration in chapter 3, subpart 3-401.11 of its Food Code so as to prevent food borne illnesses); or

(4) food sold with eating utensils provided by a retail merchant, including plates, knives, forks, spoons, glasses, cups, napkins, or straws (for purposes of this subdivision, a plate does not include a container or package used to transport the food).

(c) The town food and beverage tax does not apply to the furnishing, preparing, or serving of a food or beverage in a transaction that is exempt, or to the extent the transaction is exempt, from the state gross retail tax imposed by IC 6-2.5.

Sec. 5. The town food and beverage tax imposed on a food or beverage transaction described in section 4 of this chapter equals one percent (1%) of the gross retail income received by the merchant from the transaction. For purposes of this chapter, the gross retail income received by the retail merchant from a transaction does not include the amount of tax imposed on the transaction under IC 6-2.5.

Sec. 6. A tax imposed under this chapter shall be imposed, paid, and collected in the same manner that the state gross retail tax is imposed, paid, and collected under IC 6-2.5. However, the return to be filed with the payment of the tax imposed under this chapter may be made on a separate return or may be combined with the return filed for the payment of the state gross retail tax, as prescribed by the department of state revenue.

Sec. 7. The amounts received from the tax imposed under this chapter shall be paid monthly by the treasurer of state to the town fiscal officer upon warrants issued by the auditor of state.

Sec. 8. (a) If a tax is imposed under section 3 of this chapter by a town, the town fiscal officer shall establish a food and beverage tax receipts fund.

(b) The town fiscal officer shall deposit in this fund all amounts received under this chapter.

(c) Money earned from the investment of money in the fund becomes a part of the fund.

Sec. 9. Money in the food and beverage tax receipts fund shall be used by the town:

(1) to reduce the town's property tax levy for a particular year at the discretion of the town, but this use does not reduce

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the maximum permissible ad valorem property tax levy under IC 6-1.1-18.5 for the town; or

(2) for any legal or corporate purpose of the town, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4.

Revenue derived from the imposition of a tax under this chapter may be treated by the town as additional revenue for the purpose of fixing its budget for the budget year during which the revenues are to be distributed to the town.

Sec. 10. With respect to obligations for which a pledge has been made under section 9 of this chapter, the general assembly covenants with the holders of the obligations that this chapter will not be repealed or amended in a manner that will adversely affect the imposition or collection of the tax imposed under this chapter if the payment of any of the obligations is outstanding.

SECTION 97. IC 8-14-1-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) All funds allocated to cities and towns from the motor vehicle highway account shall be used by the cities and towns for the construction, reconstruction, repair, maintenance, oiling, sprinkling, snow removal, weed and tree cutting, and cleaning of their highways as herein defined, and including also any curbs, and the city's or town's share of the cost of the separation of the grades of crossing of public highways and railroads, the purchase or lease of highway construction and maintenance equipment, the purchase, erection, operation and maintenance of traffic signs and signals, and safety zones and devices; and the painting of structures, objects, surfaces in highways for purposes of safety and traffic regulation. All of such funds shall be budgeted as provided by law.

(b) In addition to purposes for which funds may be expended under ~~subsections~~ **subsection** (a), ~~and (c) of this section,~~ monies allocated to cities and towns under this chapter may be expended for **the following purposes:**

(1) Law enforcement purposes, subject to the following limitations:

~~(1)~~ **(A)** For cities and towns with a population of less than five thousand (5,000), no more than fifteen percent (15%) may be spent for law enforcement purposes.

~~(2)~~ **(B)** For cities and towns other than those specified in ~~subdivision (1) of this subsection,~~ **clause (A),** no more than ten percent (10%) may be spent for law enforcement purposes.

(2) The payment of principal and interest on bonds sold

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primarily to finance road, street, or thoroughfare projects.

(3) Any purpose for which money may be used under IC 8-14-2.

~~(c) In addition to purposes for which funds may be expended under subsections (a) and (b) of this section, monies allocated to cities and towns under this chapter may be expended for the payment of principal and interest on bonds sold primarily to finance road, street, or thoroughfare projects.~~

SECTION 98. IC 8-14-2-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. **Except as provided in section 5.5 of this chapter,** money from the local road and street account shall be used exclusively by the cities, towns, and counties for:

(1) engineering, land acquisition, construction, resurfacing, maintenance, restoration, or rehabilitation of both local and arterial road and street systems;

(2) the payment of principal and interest on bonds sold primarily to finance road, street, or thoroughfare projects;

(3) any local costs required to undertake a recreational or reservoir road project under IC 8-23-5; or

(4) the purchase, rental, or repair of highway equipment.

SECTION 99. IC 8-14-2-5.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 5.5. In addition to the purposes described in section 5 of this chapter, money from the local road and street account allocated to cities and towns may be used for any purpose for which money may be used under IC 8-14-1.**

SECTION 100. IC 36-1-8-5.1, AS AMENDED BY P.L.53-2011, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 5.1. (a) A political subdivision may establish a rainy day fund by the adoption of:

(1) an ordinance, in the case of a county, city, or town; or

(2) a resolution, in the case of any other political subdivision.

(b) An ordinance or a resolution adopted under this section must specify the following:

(1) The purposes of the rainy day fund.

(2) The sources of funding for the rainy day fund, which may include the following:

(A) Unused and unencumbered funds under:

(i) section 5 of this chapter;

(ii) IC 6-3.5-1.1-21.1;

(iii) IC 6-3.5-6-17.3; or

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(iv) IC 6-3.5-7-17.3.

(B) Any other funding source:

(i) specified in the ordinance or resolution adopted under this section; and

(ii) not otherwise prohibited by law.

(c) The rainy day fund is subject to the same appropriation process as other funds that receive tax money.

(d) In any fiscal year, a political subdivision may transfer under section 5 of this chapter not more than ten percent (10%) of the political subdivision's total annual budget for that fiscal year, ~~adopted~~ **certified** under IC 6-1.1-17, to the rainy day fund.

(e) A political subdivision may use only the funding sources specified in subsection (b)(2)(A) or in the ordinance or resolution establishing the rainy day fund. The political subdivision may adopt a subsequent ordinance or resolution authorizing the use of another funding source.

(f) The department of local government finance may not reduce the actual or maximum permissible levy of a political subdivision as a result of a balance in the rainy day fund of the political subdivision.

(g) A county, city, or town may at any time, by ordinance or resolution, transfer to:

(1) its general fund; or

(2) any other appropriated funds of the county, city, or town;

money that has been deposited in the rainy day fund of the county, city, or town.

SECTION 101. IC 36-2-9-20, AS AMENDED BY P.L.177-2005, SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 20. The county auditor shall:

(1) maintain an electronic data file of the information contained on the tax duplicate for all:

(A) parcels; and

(B) personal property returns;

for each township in the county as of each assessment date;

(2) maintain the electronic data file in a form that formats the information in the file with the standard data, field, and record coding required and approved by:

(A) the legislative services agency; and

(B) the department of local government finance;

(3) transmit the data in the file with respect to the assessment date of each year before March ~~1~~ **16** of the next year to:

(A) the legislative services agency in an electronic format under IC 5-14-6; and

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(B) the department of local government finance;

in a manner that meets the data export and transmission requirements in a standard format, as prescribed by the office of technology established by IC 4-13.1-2-1 and approved by the legislative services agency; and

(4) resubmit the data in the form and manner required under this subsection, upon request of the legislative services agency or the department of local government finance, if data previously submitted under this subsection does not comply with the requirements of this subsection, as determined by the legislative services agency or the department of local government finance.

An electronic data file maintained for a particular assessment date may not be overwritten with data for a subsequent assessment date until a copy of an electronic data file that preserves the data for the particular assessment date is archived in the manner prescribed by the office of technology established by IC 4-13.1-2-1 and approved by the legislative services agency.

SECTION 102. IC 36-3-6-9, AS AMENDED BY P.L.182-2009(ss), SECTION 401, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 9. (a) Except as provided in subsection (d), the city-county legislative body shall review the proposed operating and maintenance budgets and tax levies and adopt final operating and maintenance budgets and tax levies for each of the following entities in the county:

(1) An airport authority operating under IC 8-22-3.

(2) A public library operating under IC 36-12.

(3) A capital improvement board of managers operating under IC 36-10.

(4) A public transportation corporation operating under IC 36-9-4.

(5) A health and hospital corporation established under IC 16-22-8.

(6) Any other taxing unit (as defined in IC 6-1.1-1-21) that is located in the county and has a governing body that is not comprised of a majority of officials who are elected to serve on the governing body.

Except as provided in subsection (c), the city-county legislative body may reduce or modify but not increase a proposed operating and maintenance budget or tax levy under this section.

(b) The board of each entity listed in subsection (a) shall, after adoption of its proposed budget and tax levies, submit them, along with detailed accounts, to the city clerk before ~~the first day of~~ September ~~of each year.~~ **2.**

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(c) The city-county legislative body or, when subsection (d) applies, the fiscal body of an excluded city or town shall review the issuance of bonds of an entity listed in subsection (a). Approval of the city-county legislative body or, when subsection (d) applies, the fiscal body of an excluded city or town is required for the issuance of bonds. The city-county legislative body or the fiscal body of an excluded city or town may not reduce or modify a budget or tax levy of an entity listed in subsection (a) in a manner that would:

(1) limit or restrict the rights vested in the entity to fulfill the terms of any agreement made with the holders of the entity's bonds; or

(2) in any way impair the rights or remedies of the holders of the entity's bonds.

(d) If the assessed valuation of a taxing unit is entirely contained within an excluded city or town (as described in IC 36-3-1-7) that is located in a county having a consolidated city, the governing body of the taxing unit shall submit its proposed operating and maintenance budget and tax levies to the city or town fiscal body for approval and not the city-county legislative body. Except as provided in subsection (c), the fiscal body of the excluded city or town may reduce or modify but not increase a proposed operating and maintenance budget or tax levy under this section.

SECTION 103. IC 36-7-15.1-16, AS AMENDED BY P.L.146-2008, SECTION 750, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 16. (a) For the purpose of raising money to carry out this chapter or IC 36-7-15.3, the city-county legislative body may levy each year a special tax upon all property in the redevelopment district. The tax so levied each year shall be certified to the fiscal officers of the city and the county before ~~September 2~~ **November 1** of each year. The tax shall be estimated and entered upon the tax duplicates by the county auditor, and shall be collected and enforced by the county treasurer in the same manner as state and county taxes are estimated, entered, collected, and enforced.

(b) As the tax is collected by the county treasurer, it shall be accumulated and kept in a separate fund to be known as the redevelopment district fund and shall be expended and applied only for the purposes of this chapter or IC 36-7-15.3.

(c) The amount of the special tax levy shall be based on the budget of the department but may not exceed one and sixty-seven hundredths cents ($0.0167) on each one hundred dollars ($100) of taxable valuation in the redevelopment district, except as otherwise provided in this chapter.

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(d) The budgets and tax levies under this chapter are subject to review and modification in the manner prescribed by IC 36-3-6.

SECTION 104. IC 36-7-31.3-10, AS AMENDED BY P.L.182-2009(ss), SECTION 511, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 10. (a) A tax area must be established by resolution. A resolution establishing a tax area must provide for the allocation of covered taxes attributable to a taxable event or covered taxes earned in the tax area to the professional sports and convention development area fund established for the city or county. The allocation provision must apply to the entire tax area. ~~However, for all tax areas located in a county having a population of more than three hundred thousand (300,000) but less than four hundred thousand (400,000),~~ **The following apply to Allen County:**

(1) The fund required by this subsection is the coliseum professional sports and convention development area fund. This fund shall be administered by the Allen County Memorial Coliseum board of trustees.

(2) The allocation each year must be as follows:

~~(1)~~ **(A)** The first two million six hundred thousand dollars ($2,600,000) shall be transferred to the county treasurer for deposit in the ~~supplemental~~ coliseum ~~improvement~~ **professional sports and convention development area** fund.

~~(2)~~ **(B)** The remaining amount shall be transferred to the treasurer of the joint county-city capital improvement board in the county.

The resolution must provide the tax area terminates not later than December 31, 2027.

(b) In addition to subsection (a), all of the salary, wages, bonuses, and other compensation that are:

(1) paid during a taxable year to a professional athlete for professional athletic services;

(2) taxable in Indiana; and

(3) earned in the tax area;

shall be allocated to the tax area if the professional athlete is a member of a team that plays the majority of the professional athletic events that the team plays in Indiana in the tax area.

(c) For a tax area that is:

(1) not located in a county having a population of more than three hundred thousand (300,000) but less than four hundred thousand (400,000); and

(2) not located in a city having a population of more than one hundred ~~five~~ thousand ~~(105,000) and~~ **(100,000) but** less than one

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hundred ~~twenty~~ **ten** thousand ~~(120,000);~~ **(110,000);** the total amount of state revenue captured by the tax area may not exceed five dollars ($5) per resident of the city or county per year for twenty (20) consecutive years.

(d) For a tax area that is located in a city having a population of more than one hundred ~~five~~ thousand ~~(105,000) and~~ **(100,000) but** less than one hundred ~~twenty~~ **ten** thousand ~~(120,000),~~ **(110,000),** the total amount of state revenue captured by the tax area may not exceed six dollars and fifty cents ($6.50) per resident of the city per year for twenty (20) consecutive years.

(e) The resolution establishing the tax area must designate the facility or proposed facility and the facility site for which the tax area is established.

(f) The department may adopt rules under IC 4-22-2 and guidelines to govern the allocation of covered taxes to a tax area.

SECTION 105. IC 36-7-37.2 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]:

Chapter 37.2. Residential Historic Rehabilitation Grant Program

Sec. 1. This chapter applies to any county (in the case of the unincorporated area of the county), city, or town in which a Section 42 of the Internal Revenue Code low income housing tax credit property is located.

Sec. 2. The definitions set forth in IC 6-3.1-22 apply throughout this chapter.

Sec. 3. (a) The fiscal body of a county, city, or town may adopt an ordinance to establish a residential historic rehabilitation grant program.

(b) The grant program shall be administered by the redevelopment commission of the county, city, or town.

(c) Grants may be made only to pay for qualified expenditures of a taxpayer that qualifies for a residential historic rehabilitation income tax credit under IC 6-3.1-22.

(d) A redevelopment commission may require a taxpayer to apply for a grant on a form prescribed by the redevelopment commission.

Sec. 4. (a) If the fiscal body of a county, city, or town adopts an ordinance to establish a residential historic rehabilitation grant program, the fiscal body shall also establish a residential historic rehabilitation grant fund.

(b) The fund consists of money attributable to the increment

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determined under section 5 of this chapter. Interest earned on money in the fund shall be credited to the fund.

(c) Money in the fund must be appropriated by the county's, city's, or town's fiscal body before the money may be used to provide a grant under this chapter.

Sec. 5. (a) If the fiscal body of a county, city, or town adopts an ordinance to establish a residential historic rehabilitation grant program, the auditor of the county shall determine the amount of property taxes attributable to any increase in the assessed value of each low income housing tax credit property located in the unincorporated area of the county, city, or town as a result of considering the value of federal income tax credits awarded under Section 42 of the Internal Revenue Code after December 31, 2012, in determining the assessed value of low income housing tax credit property as provided in IC 6-1.1-4-40.

(b) The amount of property taxes determined under subsection (a) shall be treated as a property tax levy separate from the county's, city's, or town's property tax levy and in the same manner as if the amount were a tax increment finance levy for the redevelopment commission.

(c) The amount of property taxes determined under this section shall be deposited in the county's, city's, or town's residential historic rehabilitation grant fund.

SECTION 106. IC 36-8-15-19, AS AMENDED BY P.L.182-2009(ss), SECTION 440, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 19. (a) This subsection applies to a county that has a population of more than one hundred ~~eighty-two~~ **eighty-five** thousand ~~seven hundred ninety (182,790)~~ **(185,000)** but less than two hundred **fifty** thousand ~~(200,000).~~ **(250,000).** For the purpose of raising money to fund the operation of the district, the county fiscal body may impose, for property taxes first due and payable during each year after the adoption of an ordinance establishing the district, an ad valorem property tax levy on property within the district. The property tax rate for that levy may not exceed five cents ($0.05) on each one hundred dollars ($100) of assessed valuation.

(b) This subsection applies to a county having a consolidated city. The county fiscal body may elect to fund the operation of the district from part of the certified distribution, if any, that the county is to receive during a particular calendar year under IC 6-3.5-6-17. To make such an election, the county fiscal body must adopt an ordinance before ~~September~~ **November** 1 of the immediately preceding calendar year.

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The county fiscal body must specify in the ordinance the amount of the certified distribution that is to be used to fund the operation of the district. If the county fiscal body adopts such an ordinance, it shall immediately send a copy of the ordinance to the county auditor.

(c) Subject to subsections (d), (e), and (f), if an ordinance or resolution is adopted changing the territory covered by the district or the number of public agencies served by the district, the department of local government finance shall, for property taxes first due and payable during the year after the adoption of the ordinance, adjust the maximum permissible ad valorem property tax levy limits of the district and the units participating in the district.

(d) If a unit by ordinance or resolution joins the district or elects to have its public safety agencies served by the district, the department of local government finance shall reduce the maximum permissible ad valorem property tax levy of the unit for property taxes first due and payable during the year after the adoption of the ordinance or resolution. The reduction shall be based on the amount budgeted by the unit for public safety communication services in the year in which the ordinance was adopted. If such an ordinance or resolution is adopted, the district shall refer its proposed budget, ad valorem property tax levy, and property tax rate for the following year to the department of local government finance, which shall review and set the budget, levy, and rate as though the district were covered by IC 6-1.1-18.5-7.

(e) If a unit by ordinance or resolution withdraws from the district or rescinds its election to have its public safety agencies served by the district, the department of local government finance shall reduce the maximum permissible ad valorem property tax levy of the district for property taxes first due and payable during the year after the adoption of the ordinance or resolution. The reduction shall be based on the amounts being levied by the district within that unit. If such an ordinance or resolution is adopted, the unit shall refer its proposed budget, ad valorem property tax levy, and property tax rate for public safety communication services to the department of local government finance, which shall review and set the budget, levy, and rate as though the unit were covered by IC 6-1.1-18.5-7.

(f) The adjustments provided for in subsections (c), (d), and (e) do not apply to a district or unit located in a particular county if the county fiscal body of that county does not impose an ad valorem property tax levy under subsection (a) to fund the operation of the district.

(g) A county that has adopted an ordinance under section 1(3) of this chapter may not impose an ad valorem property tax levy on property within the district to fund the operation or implementation of

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the district.

SECTION 107. IC 36-9-4-42 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 42. (a) A municipality or a public transportation corporation that expends money for the establishment or maintenance of an urban mass transportation system under this chapter may acquire the money for these expenditures:

(1) by issuing bonds under section 43 or 44 of this chapter;

(2) by borrowing money made available for such purposes by any source;

(3) by accepting grants or contributions made available for such purposes by any source;

(4) in the case of a municipality, by appropriation from the general fund of the municipality, or from a special fund that the municipal legislative body includes in the municipality's budget; or

(5) in the case of a public transportation corporation, by levying a tax under section 49 of this chapter or by recommending an election to use revenue from the county option income taxes, as provided in subsection (c).

(b) Money may be acquired under this section for the purpose of exercising any of the powers granted by or incidental to this chapter, including:

(1) studies under section 4, 9, or 11 of this chapter;

(2) grants in aid;

(3) the purchase of buses or real property by a municipality for lease to an urban mass transportation system, including the payment of any amount outstanding under a mortgage, contract of sale, or other security device that may attach to the buses or real property;

(4) the acquisition by a public transportation corporation of property of an urban mass transportation system, including the payment of any amount outstanding under a mortgage, contract of sale, or other security device that may attach to the property;

(5) the operation of an urban mass transportation system by a public transportation corporation, including the acquisition of additional property for such a system; and

(6) the retirement of bonds issued and outstanding under this chapter.

(c) This subsection applies only to a public transportation corporation located in a county having a consolidated city. In order to provide revenue to a public transportation corporation during a year, the public transportation corporation board may recommend and the

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county fiscal body may elect to provide revenue to the corporation from part of the certified distribution, if any, that the county is to receive during that same year under IC 6-3.5-6-17. To make the election, the county fiscal body must adopt an ordinance before ~~September~~ **November** 1 of the preceding year. The county fiscal body must specify in the ordinance the amount of the certified distribution that is to be used to provide revenue to the corporation. If such an ordinance is adopted, the county fiscal body shall immediately send a copy of the ordinance to the county auditor.

SECTION 108. [EFFECTIVE JULY 1, 2013] **(a) The executive of either of the following townships may, upon approval by the township fiscal body, submit a petition to the department of local government finance for an increase in the maximum permissible ad valorem property tax levy under IC 36-8-13 (for township fire protection and emergency services) for property taxes first due and payable in 2013:**

(1) Barkley Township in Jasper County.

(2) Union Township in Jasper County.

(b) The department of local government finance shall increase the maximum permissible ad valorem property tax levy under IC 36-8-13 for a township that submits a petition under this SECTION by the lesser of:

(1) the amount of the increase requested in the petition; or

(2) the amount necessary to increase the township's maximum permissible ad valorem property tax levy under IC 36-8-13 for property taxes first due and payable in 2013 to the amount of the township's maximum permissible ad valorem property tax levy under IC 36-8-13 that applied to taxes first due and payable in 2003.

(c) A township's maximum permissible ad valorem property tax levy under IC 36-8-13 for property taxes first due and payable in 2013, as adjusted under this SECTION, shall be used in the determination of the township's maximum permissible ad valorem property tax levy under IC 36-8-13 for property taxes first due and payable in 2014 and thereafter.

(d) This SECTION expires January 1, 2015.

SECTION 109. [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] **(a) IC 6-1.1-12-26.1, as added by this act, applies to property taxes first due and payable after 2012. A deduction statement filed before September 1, 2012, under IC 6-1.1-12-27.1, as amended by this act, is considered timely filed for purposes of obtaining the deduction under IC 6-1.1-12-26.1, as added by this**

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act, in 2012 for property taxes first due and payable in 2013.

(b) This SECTION expires January 1, 2014.

SECTION 110. [EFFECTIVE JANUARY 1, 2013] **(a) IC 6-2.3-4-7, as added by this act, applies to taxable years beginning after December 31, 2012.**

(b) This SECTION expires January 1, 2015.

SECTION 111. IC 36-12-12-5, AS ADDED BY P.L.1-2005, SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 5. (a) If the library board passes a resolution under section 3 of this chapter and the appropriate fiscal body or bodies approve the plan, the library board shall ~~submit the resolution and the plan to the department of local government finance. If the department of local government finance determines that:~~

~~(1) the library board has correctly advertised the plan under section 3(c) of this chapter;~~

~~(2) the plan was adopted by the library board and approved by the appropriate fiscal body or bodies; and~~

~~(3) the plan conforms to the format prescribed by the department; the department shall require notice of the submission to be given to the taxpayers of the library district in accordance with IC 5-3-1-2(b).~~ **publish notice of adoption in accordance with IC 5-3-1-2(i).**

(b) Ten (10) or more taxpayers who will be affected by the adopted plan may file a petition with the county auditor of a county in which the library district is located not later than ten (10) days after the publication **of the notice of adoption required by subsection (a),** setting forth the taxpayers' objections to the proposed plan. The county auditor shall immediately certify the petition to the department of local government finance.

SECTION 112. **An emergency is declared for this act.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1072, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 3, delete lines 19 through 22, begin a new paragraph and insert:

"**(c) For taxes due and payable for an assessment date after January 15, 2012, the department may not approve an appropriation or a property tax levy that is associated with a debt unless the debt issuance report for the debt has been submitted to the department.**".

Page 4, delete lines 10 through 13, begin a new paragraph and insert:

"**(c) For taxes due and payable for an assessment date after January 15, 2012, the department may not approve an appropriation or a property tax levy that is associated with a debt unless the debt issuance report for the debt has been submitted to the department.**".

Page 4, between lines 35 and 36, begin a new paragraph and insert:

"SECTION 6. IC 5-11-1-4, AS AMENDED BY P.L.172-2011, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. ~~The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision.~~ **The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7.**

(b) The department of local government finance may not approve the budget of a political subdivision or a supplemental appropriation for a political subdivision until the political subdivision files an annual report under subsection (a) for the preceding calendar year.

SECTION 7. IC 5-11-13-1, AS AMENDED BY P.L.172-2011, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) Every state, county, city, town, township, or school official, elective or appointive, who is the head of or in charge of any office, department, board, or commission of the

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state or of any county, city, town, or township, and every state, county, city, town, or township employee or agent who is the head of, or in charge of, or the executive officer of any department, bureau, board, or commission of the state, county, city, town, or township, and every executive officer by whatever title designated, who is in charge of any state educational institution or of any other state, county, or city institution, shall during the month of January of each year prepare, make, and sign a ~~written or printed~~ certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents in their respective offices, departments, boards, commissions, and institutions, and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts. **The report must also indicate whether the political subdivision offers a health plan, a pension, and other benefits to full-time and part-time employees.** However, no more than one (1) report covering the same officers, employees, and agents need be made from the state or any county, city, town, township, or school unit in any one year. **The certification must be filed electronically in the manner prescribed under IC 5-14-3.8-7.**

(b) The department of local government finance may not approve the budget of a county, city, town, or township or a supplemental appropriation for a county, city, town, or township until the county, city, town, or township files an annual report under subsection (a) for the preceding calendar year.

SECTION 8. IC 5-14-3.8-7, AS ADDED BY P.L.172-2011, SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. The department may require that prescribed forms be submitted in an electronic format. **The department, working with the office of technology established by IC 4-13.1-2-1 or another organization that is part of a state educational institution, shall develop and maintain a secure, web-based system that facilitates electronic submission of the forms under this section. Political subdivisions shall submit forms under this section through the web-based system as prescribed by the department.**

SECTION 9. IC 5-22-15-20.9, AS ADDED BY P.L.172-2011, SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 20.9. (a) ~~This section applies only to a contract awarded by a political subdivision.~~

~~(b)~~ As used in this section, "affected county" refers to a county:

(1) in which the political subdivision awarding a contract under this article is located; or

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(2) that is adjacent to the county described in subdivision (1).

~~(c)~~ **(b)** As used in this section, "local Indiana business" refers to any of the following:

(1) A business whose principal place of business is located in an affected county.

(2) A business that pays a majority of its payroll (in dollar volume) to residents of affected counties.

(3) A business that employs residents of affected counties as a majority of its employees.

(4) A business that makes significant capital investments in the affected counties as defined in rules adopted by the political subdivision.

(5) A business that has a substantial positive economic impact on the affected counties as defined by criteria in rules adopted by the political subdivision.

~~(d)~~ **(c)** ~~There are~~ **A political subdivision may apply** the following price preferences for supplies purchased from a local Indiana business:

(1) Five percent (5%) for a purchase expected by the purchasing agency to be less than fifty thousand dollars ($50,000).

(2) Three percent (3%) for a purchase expected by the purchasing agency to be at least fifty thousand dollars ($50,000) but less than one hundred thousand dollars ($100,000).

(3) One percent (1%) for a purchase expected by the purchasing agency to be at least one hundred thousand dollars ($100,000).

However, to apply a price preference authorized by this subsection to a purchase of supplies, the political subdivision must state in the solicitation for supplies that the political subdivision will apply this section.

~~(e)~~ **(d)** Notwithstanding subsection ~~(d),~~ **(c),** a purchasing agency may award a contract to the lowest responsive and responsible offeror, regardless of the preference provided in this section, if the lowest responsive and responsible offeror is a local Indiana business.

~~(f)~~ **(e)** A business that wants to claim a preference provided under this section must do all the following:

(1) State in the business's bid that the business claims the preference provided by this section.

(2) Provide the following information to the purchasing agency:

(A) The location of the business's principal place of business. If the business claims the preference as a local Indiana business described in subsection ~~(c)(1),~~ **(b)(1),** a statement explaining the reasons the business considers the location named as the business's principal place of business.

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(B) The amount of the business's total payroll and the amount of the business's payroll paid to residents of affected counties.

(C) The number of the business's employees and the number of the business's employees who are residents of affected counties.

(D) If the business claims the preference as a local Indiana business described in subsection ~~(c)(4),~~ **(b)(4),** a description of the capital investments made in the affected counties and a statement of the amount of those capital investments.

(E) If the business claims the preference as a local Indiana business described in subsection ~~(c)(5),~~ **(b)(5),** a description of the substantial positive economic impact the business has on the affected counties.

SECTION 10. IC 5-28-16-3, AS ADDED BY P.L.4-2005, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) An application requesting a grant or loan from the fund must be targeted to one (1) or more of the areas listed in section 2 of this chapter.

(b) A successful applicant for a grant or loan from the fund must meet the requirements of this section and be approved by the board. An application for a grant or loan from the fund must be made on an application form prescribed by the board. An applicant shall provide all information that the board finds necessary to make the determinations required by this chapter.

(c) All applications for a grant or loan from the fund must include the following:

(1) A fully elaborated technical research or business plan, whichever applies, that is appropriate for review by outside experts as provided in this chapter.

(2) A detailed financial analysis that includes the commitment of resources by other entities that will be involved in the project.

(3) A statement of the economic development potential of the project, such as:

(A) a statement of the way in which support from the fund will lead to significantly increased funding from federal or private sources and from private sector research partners; or

(B) a projection of the jobs to be created.

(4) The identity, qualifications, and obligations of the applicant.

(5) Any other information that the board considers appropriate.

An applicant for a grant or loan from the fund may request that certain information that is submitted by the applicant be kept confidential. **However, an applicant's projection of the jobs to be created by a**

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project may not be kept confidential. The board shall make a determination of confidentiality as soon as is practicable. If the board determines that the information should not be kept confidential, the applicant may withdraw the application, and the board must return the information before making it part of any public record.

(d) An application for a grant or loan from the fund submitted by an academic researcher must be made through the office of the president of the researcher's academic institution with the express endorsement of the institution's president. An application for a grant or loan from the fund submitted by a private researcher must be made through the office of the highest ranking officer of the researcher's institution with the express endorsement of the institution. Any other application must be made through the office of the highest ranking officer of the entity submitting the application. In the case of an application for a grant or loan from the fund that is submitted jointly by one (1) or more researchers or entities, the application must be endorsed by each institution or entity as required by this subsection.

SECTION 11. IC 5-28-16-6, AS ADDED BY P.L.4-2005, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. The board shall submit ~~an annual~~ **a** report to **the budget committee and** the legislative council before ~~September 1.~~ **February 1 and August 1 of each year that covers the six (6) month period that ends one (1) month before the report is due.** The report must be in an electronic format under IC 5-14-6 and must contain the following information concerning fund activity in the preceding ~~state fiscal year:~~ **six (6) month period:**

(1) The name of each entity receiving a grant from the fund.

(2) The location of each entity sorted by:

(A) county, in the case of an entity located in Indiana; or

(B) state, in the case of an entity located outside Indiana.

(3) The amount of each grant awarded to each entity.

(4) The projection of the number of jobs to be created by the entity's project.

SECTION 12. IC 5-28-28-2, AS ADDED BY P.L.222-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. As used in this chapter, "grant" refers to a grant given by the corporation, **including a grant from the Indiana twenty-first century research and technology fund.**

SECTION 13. IC 5-28-28-3, AS ADDED BY P.L.222-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. As used in this chapter, "loan":

(1) refers to a loan made by the corporation, regardless of whether

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the loan is forgivable; ~~and~~

(2) includes a loan guarantee made by the corporation; **and**

(3) includes a loan from the Indiana twenty-first century research and technology fund.

SECTION 14. IC 5-28-28-5, AS ADDED BY P.L.222-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Beginning February 1, 2008, the corporation shall:

(1) submit an economic incentives and compliance report to:

(A) the governor; ~~and~~

(B) the budget committee; and

~~(B)~~ **(C)** the legislative council in an electronic format under IC 5-14-6; and

(2) publish the report on the corporation's Internet web site;

on the schedule specified in subsection (b).

(b) ~~Before August 2, 2009,~~ The corporation shall submit and publish before February 1 and August 1 of each year an incentives and compliance report that covers the six (6) month period that ends one (1) month before the report is due. ~~After August 1, 2009, the corporation shall submit and publish before August 1 of each year an incentives and compliance report that covers the twelve (12) month period that ends one (1) month before the report is due.~~".

Page 5, delete lines 8 through 42.

Page 6, delete lines 1 through 12.

Page 16, line 23, after "subdivision" insert "**or appropriate fiscal body, if the political subdivision is subject to section 20 of this chapter,**".

Page 16, line 29, reset in roman "political subdivision".

Page 16, line 29, before "appropriate" insert "**or**".

Page 16, line 30, after "at which the" insert "**political subdivision or appropriate**".

Page 16, line 31, before "appropriate" insert "**political subdivision or**".

Page 22, delete lines 21 through 42, begin a new paragraph and insert:

"SECTION 18. IC 6-1.1-17-20, AS AMENDED BY P.L.113-2010, SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 20. (a) This section applies to each governing body of a taxing unit that

~~(1)~~ is not comprised of a majority of officials who are elected to serve on the governing body. ~~and~~

~~(2) either:~~

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~~(A) is:~~

~~(i) a conservancy district subject to IC 14-33-9;~~

~~(ii) a solid waste management district subject to IC 13-21; or~~

~~(iii) a fire protection district subject to IC 36-8-11-18; or~~

~~(B) has a percentage increase in the proposed budget for the taxing unit for the ensuing calendar year that is more than the result of:~~

~~(i) the assessed value growth quotient determined under IC 6-1.1-18.5-2 for the ensuing calendar year; minus~~

~~(ii) one (1).~~

For purposes of this section, an individual who qualifies to be appointed to a governing body or serves on a governing body because of the individual's status as an elected official of another taxing unit shall be treated as an official who was not elected to serve on the governing body.

(b) As used in this section, "taxing unit" has the meaning set forth in IC 6-1.1-1-21, except that the term does not include:

~~(1) a school corporation; or~~

(1) a public library whose levies are subject to review and modification under section 20.3 of this chapter; or

(2) an entity whose tax levies are subject to review and modification by a city-county legislative body under IC 36-3-6-9.

(c) If:

(1) the assessed valuation of a taxing unit is entirely contained within a city or town; or

(2) the assessed valuation of a taxing unit is not entirely contained within a city or town but the taxing unit was originally established by the city or town;

the governing body shall submit its proposed budget and property tax levy to the city or town fiscal body. The proposed budget and levy shall be submitted ~~at least thirty (30) days before the city or town fiscal body is required to hold budget approval hearings under this chapter. However, in the case of a public library that is subject to this section and is described in subdivision (2), the public library shall submit its proposed budget and property tax levy to the county fiscal body in the manner provided in subsection (d), rather than to the city or town fiscal body, if more than fifty percent (50%) of the parcels of real property within the jurisdiction of the public library are located outside the city or town.~~ **to the city or town fiscal body in the manner prescribed by the department of local government finance before September 2 of a year.**

(d) If subsection (c) does not apply, the governing body of the taxing

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unit shall submit its proposed budget and property tax levy to the county fiscal body in the county where the taxing unit has the most assessed valuation. The proposed budget and levy shall be submitted ~~at least thirty (30) days before the county fiscal body is required to hold budget approval hearings under this chapter.~~ **to the county fiscal body in the manner prescribed by the department of local government finance before September 2 of a year.**

(e) The fiscal body of the city, town, or county (whichever applies) shall review each budget and proposed tax levy and adopt a final budget and tax levy for the taxing unit. The fiscal body may reduce or modify but not increase the proposed budget or tax levy.

(f) If a taxing unit fails to file the information required in subsection (c) or (d), whichever applies, with the appropriate fiscal body by the time prescribed by this section, the most recent annual appropriations and annual tax levy of that taxing unit are continued for the ensuing budget year.

(g) If the appropriate fiscal body fails to complete the requirements of subsection (e) before the adoption deadline in section 5 of this chapter for any taxing unit subject to this section, the most recent annual appropriations and annual tax levy of the city, town, or county, whichever applies, are continued for the ensuing budget year.

SECTION 19. IC 6-1.1-17-20.3 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: **Sec. 20.3. (a) This section applies to each governing body of a public library that:**

(1) is not comprised of a majority of officials who are elected to serve on the governing body; and

(2) has a percentage increase in the proposed budget for the taxing unit for the ensuing calendar year that is more than the result of:

(A) the assessed value growth quotient determined under IC 6-1.1-18.5-2 for the ensuing calendar year; minus

(B) one (1).

For purposes of this section, an individual who qualifies to be appointed to a governing body or serves on a governing body because of the individual's status as an elected official of another taxing unit shall be treated as an official who was not elected to serve on the governing body.

(b) This section does not apply to:

(1) a school corporation;

(2) an entity whose tax levies are subject to review and modification by a fiscal body under section 20 of this chapter;

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or

(3) an entity whose tax levies are subject to review and modification by a city-county legislative body under IC 36-3-6-9.

(c) If:

(1) the assessed valuation of a public library is entirely contained within a city or town; or

(2) the assessed valuation of a public library is not entirely contained within a city or town but the public library was originally established by the city or town;

the governing body shall submit its proposed budget and property tax levy to the city or town fiscal body. The proposed budget and levy shall be submitted at least thirty (30) days before the city or town fiscal body is required to hold budget approval hearings under this chapter. However, the governing body shall submit its proposed budget and property tax levy to the county fiscal body in the manner provided in subsection (d), rather than to the city or town fiscal body, if more than fifty percent (50%) of the parcels of real property within the jurisdiction of the public library are located outside the city or town.

(d) If subsection (c) does not apply, the governing body of the public library shall submit its proposed budget and property tax levy to the county fiscal body in the county where the public library has the most assessed valuation. The proposed budget and levy shall be submitted at least thirty (30) days before the county fiscal body is required to hold budget approval hearings under this chapter.

(e) The fiscal body of the city, town, or county (whichever applies) shall review each budget and proposed tax levy and adopt a final budget and tax levy for the public library. The fiscal body may reduce or modify but not increase the proposed budget or tax levy.

(f) If a public library fails to file the information required in subsection (c) or (d), whichever applies, with the appropriate fiscal body by the time prescribed by this section, the most recent annual appropriations and annual tax levy of that public library are continued for the ensuing budget year.

(g) If the appropriate fiscal body fails to complete the requirements of subsection (e) before the adoption deadline in section 5 of this chapter for any public library subject to this section, the most recent annual appropriations and annual tax levy of the city, town, or county, whichever applies, are continued for

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the ensuing budget year.".

Delete page 23.

Page 24, delete lines 1 through 5.

Page 25, line 36, after "The" insert "**following**".

Page 25, line 36, after "definitions" delete "in".

Page 25, line 36, strike "this".

Page 25, line 36, delete "subsection".

Page 37, between lines 34 and 35, begin a new paragraph and insert:

"SECTION 31. IC 6-3-2-2.1 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)]: **Sec. 2.1. (a) This section applies only to a covered taxpayer that has receipts attributable to Indiana under both subsections (c) and (d).**

(b) As used in this section, "covered taxpayer" refers to the following:

(1) Designated contract markets, swap execution facilities, or derivatives clearing organizations primarily regulated by the United States Commodity Futures Trading Commission.

(2) Securities exchanges and securities clearing agencies primarily regulated by the United States Securities and Exchange Commission.

For purposes of this section, a designated contract market, swap execution facility, or derivatives clearing organization is considered to be primarily regulated by the United States Commodity Futures Trading Commission if more than fifty percent (50%) of the enterprise's total gross receipts are attributable to activities subject to regulation by the United States Commodity Futures Trading Commission or the United States securities exchanges.

(c) Notwithstanding section 2 of this chapter or any other law, receipts received by a covered taxpayer, in respect of trade execution (electronic or otherwise) and clearing, are in Indiana as follows:

(1) If the receipts are attributable to transactions executed on a physical trading floor located in Indiana, one hundred percent (100%) of the receipts are attributable to Indiana.

(2) If the receipts are attributable to transactions executed by means of an electronic transaction system, the receipts are attributable to Indiana based on a percentage determined by dividing the total Indiana population by the total United States population.

(3) If the receipts are attributable to the clearing of over-the-counter transactions, the receipts are attributable to

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Indiana based on a percentage determined by dividing the total Indiana population by the total United States population.

(d) Notwithstanding section 2 of this chapter or any other law, market data service revenue is sourced based on the billing address of a covered taxpayer's direct customers or the user location of direct customers and location of the customers of the covered taxpayer's distributors.".

Page 38, line 36, delete "." and insert "**or in an electronic format approved by the director of the budget agency.**".

Page 46, line 38, delete "." and insert "**or in an electronic format approved by the director of the budget agency.**".

Page 47, line 18, delete "." and insert "**or in an electronic format approved by the director of the budget agency.**".

Page 50, line 19, delete "." and insert "**or in an electronic format approved by the director of the budget agency.**".

Page 52, line 37, delete "." and insert "**or in an electronic format approved by the director of the budget agency.**".

Page 57, line 38, delete "." and insert "**or in an electronic format approved by the director of the budget agency.**".

Page 60, line 2, delete "." and insert "**or in an electronic format approved by the director of the budget agency.**".

Page 66, line 9, delete "." and insert "**or in an electronic format approved by the director of the budget agency.**".

Page 66, line 29, delete "." and insert "**or in an electronic format approved by the director of the budget agency.**".

Page 67, line 17, delete "." and insert "**or in an electronic format approved by the director of the budget agency.**".

Page 67, line 40, delete "." and insert "**or in an electronic format approved by the director of the budget agency.**".

Page 68, line 20, delete ".".

Page 68, line 21, after "adopted." insert "**or in an electronic format approved by the director of the budget agency.**".

Page 72, line 14, after "mail" delete "." and insert "**or in an electronic format approved by the director of the budget agency.**".

Page 73, line 40, after "mail" delete "." and insert "**or in an electronic format approved by the director of the budget agency.**".

Page 74, line 37, delete "." and insert "**or in an electronic format approved by the director of the budget agency.**".

Page 80, line 12, delete "." and insert "**or in an electronic format approved by the director of the budget agency.**".

Page 82, line 22, delete "." and insert "**or in an electronic format approved by the director of the budget agency.**".

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Page 86, line 21, after "mail" delete "." and insert "**or in an electronic format approved by the director of the budget agency.**".

Page 89, line 9, delete "." and insert "**or in an electronic format approved by the director of the budget agency.**".

Page 93, line 41, delete "." and insert "**or in an electronic format approved by the director of the budget agency.**".

Page 94, line 12, delete "." and insert "**or in an electronic format approved by the director of the budget agency.**".

Page 119, line 13, delete "." and insert "**or in an electronic format approved by the director of the budget agency.**".

Page 122, between lines 9 and 10, begin a new paragraph and insert:

"SECTION 86. IC 36-1-12-4, AS AMENDED BY P.L.139-2011, SECTION 6, AND AS AMENDED BY P.L.172-2011, SECTION 139, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 4. (a) This section applies whenever the cost of a public work project will be:

~~*(1) at least seventy-five thousand dollars ($75,000) in:*~~

~~*(A) a consolidated city or second class city;*~~

~~*(B) a county containing a consolidated city or second class city; or*~~

~~*(C) a regional water or sewage district established under IC 13-26; or*~~

~~*(2) at least fifty thousand dollars ($50,000) in a political subdivision or an agency not described in subdivision (1).*~~

(1) except as provided in subdivision (2), at least one hundred fifty thousand dollars ($150,000); or

(2) in the case of a board of aviation commissioners or an airport authority board, at least one hundred thousand dollars ($100,000).

(b) The board must comply with the following procedure:

(1) The board shall prepare general plans and specifications describing the kind of public work required, but shall avoid specifications which might unduly limit competition. If the project involves the resurfacing (as defined by IC 8-14-2-1) of a road, street, or bridge, the specifications must show how the weight or volume of the materials will be accurately measured and verified.

(2) The board shall file the plans and specifications in a place reasonably accessible to the public, which shall be specified in the notice required by subdivision (3).

(3) Upon the filing of the plans and specifications, the board shall publish notice in accordance with IC 5-3-1 calling for sealed proposals for the public work needed.

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(4) The notice must specify the place where the plans and specifications are on file and the date fixed for receiving bids.

(5) The period of time between the date of the first publication and the date of receiving bids shall be governed by the size of the contemplated project in the discretion of the board. The period of time between the date of the first publication and receiving bids may not be more than:

(A) six (6) weeks if the estimated cost of the public works project is less than twenty-five million dollars ($25,000,000); and

(B) ten (10) weeks if the estimated cost of the public works project is at least twenty-five million dollars ($25,000,000).

(6) ~~*If the cost of a project is one hundred thousand dollars ($100,000) or more,*~~ The board shall require the bidder to submit a financial statement, a statement of experience, a proposed plan or plans for performing the public work, and the equipment that the bidder has available for the performance of the public work. The statement shall be submitted on forms prescribed by the state board of accounts.

(7) The board may not require a bidder to submit a bid before the meeting at which bids are to be received. The meeting for receiving bids must be open to the public. All bids received shall be opened publicly and read aloud at the time and place designated and not before. *Notwithstanding any other law, bids may be opened after the time designated if both of the following apply:*

(A) The board makes a written determination that it is in the best interest of the board to delay the opening.

(B) The day, time, and place of the rescheduled opening are announced at the day, time, and place of the originally scheduled opening.

(8) Except as provided in subsection (c), ~~*or (after June 30, 2011) section 22 of this chapter,*~~ the board shall:

(A) award the contract for public work or improvements to the lowest responsible and responsive bidder; or

(B) reject all bids submitted.

(9) If the board awards the contract to a bidder other than the lowest bidder, the board must state in the minutes or memoranda, at the time the award is made, the factors used to determine which bidder is the lowest responsible and responsive bidder and to justify the award. The board shall keep a copy of the minutes or memoranda available for public inspection.

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(10) In determining whether a bidder is responsive, the board may consider the following factors:

(A) Whether the bidder has submitted a bid or quote that conforms in all material respects to the specifications.

(B) Whether the bidder has submitted a bid that complies specifically with the invitation to bid and the instructions to bidders.

(C) Whether the bidder has complied with all applicable statutes, ordinances, resolutions, or rules pertaining to the award of a public contract.

(11) In determining whether a bidder is a responsible bidder, the board may consider the following factors:

(A) The ability and capacity of the bidder to perform the work.

(B) The integrity, character, and reputation of the bidder.

(C) The competence and experience of the bidder.

(12) The board shall require the bidder to submit an affidavit:

(A) that the bidder has not entered into a combination or agreement:

(i) relative to the price to be bid by a person;

(ii) to prevent a person from bidding; or

(iii) to induce a person to refrain from bidding; and

(B) that the bidder's bid is made without reference to any other bid.

(c) Notwithstanding subsection (b)(8), a county may award sand, gravel, asphalt paving materials, or crushed stone contracts to more than one (1) responsible and responsive bidder if the specifications allow for bids to be based upon service to specific geographic areas and the contracts are awarded by geographic area. The geographic areas do not need to be described in the specifications.

SECTION 87. IC 36-1-12-4.7, AS AMENDED BY P.L.172-2011, SECTION 140, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 4.7. (a) This section applies whenever a public work project is estimated to cost:

(1) except as provided in subdivision (2), at least fifty thousand dollars ($50,000) and less than one hundred fifty thousand dollars ($150,000); or

(2) in the case of a board of aviation commissioners or an airport authority board, at least fifty thousand dollars ($50,000) and less than one hundred thousand dollars ($100,000).

(b) The board must proceed under the following provisions:

(1) The board shall invite quotes from at least three (3) persons known to deal in the class of work proposed to be done by mailing

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them a notice stating that plans and specifications are on file in a specified office. The notice must be mailed not less than seven (7) days before the time fixed for receiving quotes.

(2) The board may not require a person to submit a quote before the meeting at which quotes are to be received. The meeting for receiving quotes must be open to the public. All quotes received shall be opened publicly and read aloud at the time and place designated and not before.

(3) ~~Except as permitted in section 22 of this chapter after June 30, 2011,~~ The board shall award the contract for the public work to the lowest responsible and responsive quoter.

(4) The board may reject all quotes submitted.

SECTION 88. IC 36-1-12-5, AS AMENDED BY P.L.172-2011, SECTION 141, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 5. (a) This section applies whenever a public work project is estimated to cost less than fifty thousand dollars ($50,000). Except as provided in subsection (g) for local boards of aviation commissioners and local airport authorities, if a contract is to be awarded, the board may proceed under section 4 of this chapter or under subsection (b) or (c).

(b) The board must proceed under the following provisions:

(1) The board shall invite quotes from at least three (3) persons known to deal in the class of work proposed to be done by mailing them a notice stating that plans and specifications are on file in a specified office. The notice must be mailed not less than seven (7) days before the time fixed for receiving quotes.

(2) The board may not require a person to submit a quote before the meeting at which quotes are to be received. The meeting for receiving quotes must be open to the public. All quotes received shall be opened publicly and read aloud at the time and place designated and not before.

(3) ~~Except as permitted in section 22 of this chapter,~~ The board shall award the contract for the public work to the lowest responsible and responsive quoter.

(4) The board may reject all quotes submitted.

(5) If the board rejects all quotes under subdivision (4), the board may negotiate and enter into agreements for the work in the open market without inviting or receiving quotes if the board establishes in writing the reasons for rejecting the quotes.

(c) The board may not proceed under subsection (b) for the resurfacing (as defined in IC 8-14-2-1) of a road, street, or bridge, unless:

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(1) the weight or volume of the materials in the project is capable of accurate measurement and verification; and

(2) the specifications define the geographic points at which the project begins and ends.

(d) For the purposes of this section, if contiguous sections of a road, street, or bridge are to be resurfaced in a calendar year, all of the work shall be considered to comprise a single public work project.

(e) The board may purchase or lease supplies in the manner provided in IC 5-22 and perform the public work by means of its own workforce without awarding a public work contract.

(f) Before the board may perform any work under this section by means of its own workforce, the political subdivision or agency must have a group of employees on its staff who are capable of performing the construction, maintenance, and repair applicable to that work.

(g) This subsection applies to local boards of aviation commissioners operating under IC 8-22-2 and local airport authorities operating under IC 8-22-3. If the contract is to be awarded by a board to which this subsection applies, or to a designee of the board under subsection (h), the board or its designee may proceed under section 4 of this chapter or under the following provisions. The board or its designee may invite quotes from at least three (3) persons known to deal in the class of work proposed to be done by mailing the persons a copy of the plans and specifications for the work not less than seven (7) days before the time fixed for receiving quotes. If the board or its designee receives a satisfactory quote, the board or its designee shall award the contract to the lowest responsible and responsive quoter for the class of work required. ~~except as permitted in section 22 of this chapter.~~ The board or its designee may reject all quotes submitted and, if no valid quotes are received for the class of work, contract for the work without further invitations for quotes.

(h) The board may delegate its authority to award a contract for a public works project that is estimated to cost less than fifty thousand dollars ($50,000) to the airport personnel in charge of airport public works projects.

(i) Quotes for public works projects costing less than twenty-five thousand dollars ($25,000) may be obtained by soliciting at least three (3) quotes by telephone or facsimile transmission. The seven (7) day waiting period required by subsection (b)(1) does not apply to quotes solicited under this subsection.

SECTION 89. IC 36-1-12-22 IS REPEALED [EFFECTIVE JULY 1, 2012]. ~~Sec. 22. (a) The definitions in IC 5-22-15, including the definitions in IC 5-22-15-20.9, apply in this section.~~

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~~(b) The procedures described in IC 5-22-15 for determining adjusted offers, price preference percentage, and total adjusted offers apply in this section.~~

~~(c) The price preferences stated in IC 5-22-15-20.9 apply in this section.~~

~~(d) Notwithstanding provisions of this chapter that require the award of a contract to the lowest responsive and responsible bidder or the lowest responsive and responsible quoter, but subject to subsection (e), a contract shall be awarded to the lowest responsive and responsible local Indiana business that claims the preference provided by this section.~~

~~(e) Notwithstanding subsection (d), a contract shall be awarded to the lowest responsive and responsible bidder or quoter, regardless of the preference provided in this section, if the lowest responsive and responsible bidder or quoter is a local Indiana business.~~

~~(f) A bidder or quoter that wants to claim the preference under this section must claim the preference in the same manner that a business claims the preference under IC 5-22-15-20.9(f).~~".

Page 122, line 24, delete "15" and insert "**16**".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1072 as introduced.)

ESPICH, Chair

Committee Vote: yeas 14, nays 3.

HOUSE MOTION

Mr. Speaker: I move that House Bill 1072 be amended to read as follows:

Page 43, between lines 15 and 16, begin a new paragraph and insert:

"SECTION 40. IC 6-3-1-3.5, AS AMENDED BY P.L.229-2011, SECTION 83, AS AMENDED BY P.L.171-2011, SECTION 4, AND AS AMENDED BY P.L.172-2011, SECTION 53, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)]: Sec. 3.5. When used in this article, the term "adjusted gross income" shall mean the following:

(a) In the case of all individuals, "adjusted gross income" (as defined in Section 62 of the Internal Revenue Code), modified as follows:

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(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(3) Subtract one thousand dollars ($1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars ($1,000).

(4) Subtract one thousand dollars ($1,000) for:

(A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;

(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract:

(A) ~~*for taxable years beginning after December 31, 2004,*~~ one thousand five hundred dollars ($1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code (as effective January 1, 2004); and

(B) five hundred dollars ($500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars ($40,000).

This amount is in addition to the amount subtracted under subdivision (4).

(6) Subtract an amount equal to the lesser of:

(A) that part of the individual's adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for that taxable year that is subject to a tax that is imposed by a political subdivision of another state and that is imposed on or measured by income; or

(B) two thousand dollars ($2,000).

(7) Add an amount equal to the total capital gain portion of a lump sum distribution (as defined in Section 402(e)(4)(D) of the Internal Revenue Code) if the lump sum distribution is received by the individual during the taxable year and if the capital gain portion of the distribution is taxed in the manner provided in

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Section 402 of the Internal Revenue Code.

(8) Subtract any amounts included in federal adjusted gross income under Section 111 of the Internal Revenue Code as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(9) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

~~*(10) Add an amount equal to the deduction allowed under Section 221 of the Internal Revenue Code for married couples filing joint returns if the taxable year began before January 1, 1987.*~~

~~*(11) Add an amount equal to the interest excluded from federal gross income by the individual for the taxable year under Section 128 of the Internal Revenue Code if the taxable year began before January 1, 1985.*~~

~~*(12)*~~ *(10)* Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

~~*(13)*~~ *(11)* In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

~~*(14)*~~ *(12)* In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

~~*(15)*~~ *(13)* In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

~~*(16) For taxable years beginning after December 31, 1999,*~~ *(14)* Subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.

~~*(17)*~~ *(15)* Subtract an amount equal to the lesser of:

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(A) ~~*for a taxable year:*~~

~~*(i) including any part of 2004, the amount determined under subsection (f); and*~~

~~*(ii) beginning after December 31, 2004,*~~ two thousand five hundred dollars ($2,500); or

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

~~*(18)*~~ *(16)* Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.

~~*(19)*~~ *(17)* Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

~~*(20)*~~ *(18)* Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

~~*(21)*~~ *(19)* Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars ($25,000).

~~*(22)*~~ *(20)* Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

~~*(23)*~~ *(21)* Subtract an amount equal to the amount of the taxpayer's qualified military income that was not excluded from the taxpayer's gross income for federal income tax purposes under Section 112 of the Internal Revenue Code.

~~*(24)*~~ *(22)* Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the individual's federal adjusted gross income

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under the Internal Revenue Code.

~~(25)~~ *(23)* Subtract any amount of a credit (including an advance refund of the credit) that is provided to an individual under 26 U.S.C. 6428 (federal Economic Stimulus Act of 2008) and included in the individual's federal adjusted gross income.

~~(26)~~ *(24)* Add any amount of unemployment compensation excluded from federal gross income, as defined in Section 61 of the Internal Revenue Code, under Section 85(c) of the Internal Revenue Code.

~~(27)~~ *(25)* Add the amount excluded from gross income under Section 108(a)(1)(e) of the Internal Revenue Code for the discharge of debt on a qualified principal residence.

~~(28)~~ *(26)* Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract the amount necessary from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

~~(29)~~ *(27)* Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified restaurant property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

~~(30)~~ *(28)* Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified retail improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(ix) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

~~(31)~~ *(29)* Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that claimed the special

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allowance for qualified disaster assistance property under Section 168(n) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the special allowance not been claimed for the property.

~~(31)~~ *(30)* Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 179C of the Internal Revenue Code to expense costs for qualified refinery property equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

~~(33)~~ *(31)* Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 181 of the Internal Revenue Code to expense costs for a qualified film or television production equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

~~(34)~~ *(32)* Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that treated a loss from the sale or exchange of preferred stock in:

(A) the Federal National Mortgage Association, established under the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.); or

(B) the Federal Home Loan Mortgage Corporation, established under the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 et seq.);

as an ordinary loss under Section 301 of the Emergency Economic Stabilization Act of 2008 in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had the loss not been treated as an ordinary loss.

(33) Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.

~~(35)~~ *(34) Add the amount deducted from gross income under Section 198 of the Internal Revenue Code for the expensing of environmental remediation costs.*

~~(36)~~ *(35) Add the amount excluded from gross income under Section 408(d)(8) of the Internal Revenue Code for a charitable*

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distribution from an individual retirement plan.

~~(37)~~ (36) Add the amount deducted from gross income under Section 222 of the Internal Revenue Code for qualified tuition and related expenses.

~~(38)~~ (37) Add the amount deducted from gross income under Section 62(2)(D) of the Internal Revenue Code for certain expenses of elementary and secondary school teachers.

~~(39) (38) Add the amount excluded from gross income under Section 127 of the Internal Revenue Code as annual employer provided education expenses.~~

*~~(40) (39)~~ **(38)** Add the amount deducted from gross income under Section 179E of the Internal Revenue Code for any qualified advanced mine safety equipment property.*

~~(41) (40) Add the monthly amount excluded from gross income under Section 132(f)(1)(A) and 132(f)(1)(B) that exceeds one hundred dollars ($100) a month for a qualified transportation fringe.~~

*~~(42) (41)~~ **(39)** Add the amount deducted from gross income under Section 221 of the Internal Revenue Code that exceeds the amount the taxpayer could deduct under Section 221 of the Internal Revenue Code before it was amended by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312).*

*~~(43) (42)~~ **(40)** Add the amount necessary to make the adjusted gross income of any taxpayer that placed any qualified leasehold improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(iv) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed into service.*

*~~(44) (43)~~ **(41)** Add the amount necessary to make the adjusted gross income of any taxpayer that placed a motorsports entertainment complex in service during the taxable year and that was classified as 7-year property under Section 168(e)(3)(C)(ii) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed into service.*

*~~(45) (44)~~ **(42)** Add the amount deducted under Section 195 of the Internal Revenue Code for start-up expenditures that exceeds the amount the taxpayer could deduct under Section 195 of the*

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Internal Revenue Code before it was amended by the Small Business Jobs Act of 2010 (P.L. 111-240).

~~(46)~~ ~~(45)~~ ***(43)*** *Add the amount necessary to make the adjusted gross income of any taxpayer for which tax was not imposed on the net recognized built-in gain of an S corporation under Section 1374(d)(7) of the Internal Revenue Code as amended by the Small Business Jobs Act of 2010 (P.L. 111-240) equal to the amount of adjusted gross income that would have been computed before Section 1374(d)(7) of the Internal Revenue Code as amended by the Small Business Jobs Act of 2010 (P.L. 111-240).*

~~(35)~~ **(44)** *This subdivision does not apply to payments made for services provided to a business that was enrolled and participated in the E-Verify program (as defined in IC 22-5-1.7-3) during the time the taxpayer conducted business in Indiana in the taxable year. For a taxable year beginning after June 30, 2011, add the amount of any trade or business deduction allowed under the Internal Revenue Code for wages, reimbursements, or other payments made for services provided in Indiana by an individual for services as an employee, if the individual was, during the period of service, prohibited from being hired as an employee under 8 U.S.C. 1324a.*

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code.

(3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus

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depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars ($25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(9) Add to the extent required by IC 6-3-2-20 the amount of intangible expenses (as defined in IC 6-3-2-20) and any directly related intangible interest expenses (as defined in IC 6-3-2-20) for the taxable year that reduced the corporation's taxable income (as defined in Section 63 of the Internal Revenue Code) for federal income tax purposes.

(10) Add an amount equal to any deduction for dividends paid (as defined in Section 561 of the Internal Revenue Code) to shareholders of a captive real estate investment trust (as defined in section 34.5 of this chapter).

(11) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the corporation's taxable income under the Internal Revenue Code.

(12) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with

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the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(13) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified restaurant property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(14) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified retail improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(ix) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(15) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that claimed the special allowance for qualified disaster assistance property under Section 168(n) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the special allowance not been claimed for the property.

(16) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 179C of the Internal Revenue Code to expense costs for qualified refinery property equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(17) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 181 of the Internal Revenue Code to expense costs for a qualified film or television production equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(18) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that treated a loss from the sale or exchange of preferred stock in:

(A) the Federal National Mortgage Association, established under the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.); or

(B) the Federal Home Loan Mortgage Corporation, established

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under the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 et seq.);

as an ordinary loss under Section 301 of the Emergency Economic Stabilization Act of 2008 in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had the loss not been treated as an ordinary loss.

(19) Add the amount deducted from gross income under Section 198 of the Internal Revenue Code for the expensing of environmental remediation costs.

(20) Add the amount deducted from gross income under Section 179E of the Internal Revenue Code for any qualified advanced mine safety equipment property.

(21) Add the amount necessary to make the adjusted gross income of any taxpayer that placed any qualified leasehold improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(iv) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed into service.

(22) Add the amount necessary to make the adjusted gross income of any taxpayer that placed a motorsports entertainment complex in service during the taxable year and that was classified as 7-year property under Section 168(e)(3)(C)(ii) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed into service.

(23) Add the amount deducted under Section 195 of the Internal Revenue Code for start-up expenditures that exceeds the amount the taxpayer could deduct under Section 195 of the Internal Revenue Code before it was amended by the Small Business Jobs Act of 2010 (P.L. 111-240).

~~*(19)*~~ **(24)** *This subdivision does not apply to payments made for services provided to a business that was enrolled and participated in the E-Verify program (as defined in IC 22-5-1.7-3) during the time the taxpayer conducted business in Indiana in the taxable year. For a taxable year beginning after June 30, 2011, add the amount of any trade or business deduction allowed under the Internal Revenue Code for wages, reimbursements, or other payments made for services provided in Indiana by an individual for services as an employee, if the individual was, during the period of service, prohibited from*

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being hired as an employee under 8 U.S.C. 1324a.

~~*(24)*~~ **(25)** *Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.*

(c) In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 or Section 810 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars ($25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as

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a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(9) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the insurance company's taxable income under the Internal Revenue Code.

(10) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(11) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified restaurant property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(12) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified retail improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(ix) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(13) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that claimed the special allowance for qualified disaster assistance property under Section 168(n) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the special allowance not been claimed for the property.

(14) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section

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179C of the Internal Revenue Code to expense costs for qualified refinery property equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(15) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 181 of the Internal Revenue Code to expense costs for a qualified film or television production equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(16) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that treated a loss from the sale or exchange of preferred stock in:

(A) the Federal National Mortgage Association, established under the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.); or

(B) the Federal Home Loan Mortgage Corporation, established under the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 et seq.);

as an ordinary loss under Section 301 of the Emergency Economic Stabilization Act of 2008 in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had the loss not been treated as an ordinary loss.

(17) Add an amount equal to any exempt insurance income under Section 953(e) of the Internal Revenue Code that is active financing income under Subpart F of Subtitle A, Chapter 1, Subchapter N of the Internal Revenue Code.

(18) Add the amount necessary to make the adjusted gross income of any taxpayer that placed any qualified leasehold improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(iv) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed into service.

(19) Add the amount necessary to make the adjusted gross income of any taxpayer that placed a motorsports entertainment complex in service during the taxable year and that was classified as 7-year property under Section 168(e)(3)(C)(ii) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed into service.

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(20) Add the amount deducted under Section 195 of the Internal Revenue Code for start-up expenditures that exceeds the amount the taxpayer could deduct under Section 195 of the Internal Revenue Code before it was amended by the Small Business Jobs Act of 2010 (P.L. 111-240).

(21) Add the amount deducted from gross income under Section 198 of the Internal Revenue Code for the expensing of environmental remediation costs.

(22) Add the amount deducted from gross income under Section 179E of the Internal Revenue Code for any qualified advanced mine safety equipment property.

~~*(18)*~~ **(23)** *This subdivision does not apply to payments made for services provided to a business that was enrolled and participated in the E-Verify program (as defined in IC 22-5-1.7-3) during the time the taxpayer conducted business in Indiana in the taxable year. For a taxable year beginning after June 30, 2011, add the amount of any trade or business deduction allowed under the Internal Revenue Code for wages, reimbursements, or other payments made for services provided in Indiana by an individual for services as an employee, if the individual was, during the period of service, prohibited from being hired as an employee under 8 U.S.C. 1324a.*

~~*(23)*~~ **(24)** *Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.*

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

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(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars ($25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(9) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the insurance company's taxable income under the Internal Revenue Code.

(10) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(11) Add the amount necessary to make the adjusted gross income

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of any taxpayer that placed qualified restaurant property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(12) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified retail improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(ix) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(13) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that claimed the special allowance for qualified disaster assistance property under Section 168(n) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the special allowance not been claimed for the property.

(14) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 179C of the Internal Revenue Code to expense costs for qualified refinery property equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(15) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 181 of the Internal Revenue Code to expense costs for a qualified film or television production equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(16) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that treated a loss from the sale or exchange of preferred stock in:

(A) the Federal National Mortgage Association, established under the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.); or

(B) the Federal Home Loan Mortgage Corporation, established under the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 et seq.);

as an ordinary loss under Section 301 of the Emergency Economic Stabilization Act of 2008 in the current taxable year or

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in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had the loss not been treated as an ordinary loss.

(17) Add an amount equal to any exempt insurance income under Section 953(e) of the Internal Revenue Code that is active financing income under Subpart F of Subtitle A, Chapter 1, Subchapter N of the Internal Revenue Code.

(18) Add the amount necessary to make the adjusted gross income of any taxpayer that placed any qualified leasehold improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(iv) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed into service.

(19) Add the amount necessary to make the adjusted gross income of any taxpayer that placed a motorsports entertainment complex in service during the taxable year and that was classified as 7-year property under Section 168(e)(3)(C)(ii) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed into service.

(20) Add the amount deducted under Section 195 of the Internal Revenue Code for start-up expenditures that exceeds the amount the taxpayer could deduct under Section 195 of the Internal Revenue Code before it was amended by the Small Business Jobs Act of 2010 (P.L. 111-240).

(21) Add the amount deducted from gross income under Section 198 of the Internal Revenue Code for the expensing of environmental remediation costs.

(22) Add the amount deducted from gross income under Section 179E of the Internal Revenue Code for any qualified advanced mine safety equipment property.

~~*(18)*~~ **(23)** *This subdivision does not apply to payments made for services provided to a business that was enrolled and participated in the E-Verify program (as defined in IC 22-5-1.7-3) during the time the taxpayer conducted business in Indiana in the taxable year. For a taxable year beginning after June 30, 2011, add the amount of any trade or business deduction allowed under the Internal Revenue Code for wages, reimbursements, or other payments made for services provided in Indiana by an individual for services as an employee, if the individual was, during the period of service, prohibited from*

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being hired as an employee under 8 U.S.C. 1324a.

~~(23)~~ **(24)** *Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.*

(e) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim of the September 11 terrorist attack.

(3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(4) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars ($25,000).

(6) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(7) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

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(B) included in the taxpayer's taxable income under the Internal Revenue Code.

(8) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(9) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified restaurant property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(10) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified retail improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(ix) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(11) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that claimed the special allowance for qualified disaster assistance property under Section 168(n) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the special allowance not been claimed for the property.

(12) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 179C of the Internal Revenue Code to expense costs for qualified refinery property equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(13) Add or subtract the amount necessary to make the adjusted

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gross income of any taxpayer that made an election under Section 181 of the Internal Revenue Code to expense costs for a qualified film or television production equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(14) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that treated a loss from the sale or exchange of preferred stock in:

(A) the Federal National Mortgage Association, established under the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.); or

(B) the Federal Home Loan Mortgage Corporation, established under the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 et seq.);

as an ordinary loss under Section 301 of the Emergency Economic Stabilization Act of 2008 in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had the loss not been treated as an ordinary loss.

(15) Add the amount excluded from gross income under Section 108(a)(1)(e) of the Internal Revenue Code for the discharge of debt on a qualified principal residence.

(16) Add the amount necessary to make the adjusted gross income of any taxpayer that placed any qualified leasehold improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(iv) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed into service.

(17) Add the amount necessary to make the adjusted gross income of any taxpayer that placed a motorsports entertainment complex in service during the taxable year and that was classified as 7-year property under Section 168(e)(3)(C)(ii) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed into service.

(18) Add the amount deducted under Section 195 of the Internal Revenue Code for start-up expenditures that exceeds the amount the taxpayer could deduct under Section 195 of the Internal Revenue Code before it was amended by the Small Business Jobs Act of 2010 (P.L. 111-240).

(19) Add the amount deducted from gross income under Section

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198 of the Internal Revenue Code for the expensing of environmental remediation costs.

(20) Add the amount deducted from gross income under Section 179E of the Internal Revenue Code for any qualified advanced mine safety equipment property.

(21) Add the amount necessary to make the adjusted gross income of any taxpayer for which tax was not imposed on the net recognized built-in gain of an S corporation under Section 1374(d)(7) of the Internal Revenue Code as amended by the Small Business Jobs Act of 2010 (P.L. 111-240) equal to the amount of adjusted gross income that would have been computed before Section 1374(d)(7) of the Internal Revenue Code as amended by the Small Business Jobs Act of 2010 (P.L. 111-240).

~~(16)~~ **(22)** *This subdivision does not apply to payments made for services provided to a business that was enrolled and participated in the E-Verify program (as defined in IC 22-5-1.7-3) during the time the taxpayer conducted business in Indiana in the taxable year. For a taxable year beginning after June 30, 2011, add the amount of any trade or business deduction allowed under the Internal Revenue Code for wages, reimbursements, or other payments made for services provided in Indiana by an individual for services as an employee, if the individual was, during the period of service, prohibited from being hired as an employee under 8 U.S.C. 1324a.*

~~(22)~~ **(23)** *Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.*

~~(f) This subsection applies only to the extent that an individual paid property taxes in 2004 that were imposed for the March 1, 2002, assessment date or the January 15, 2003, assessment date. The maximum amount of the deduction under subsection (a)(17) is equal to the amount determined under STEP FIVE of the following formula:~~

~~STEP ONE: Determine the amount of property taxes that the taxpayer paid after December 31, 2003, in the taxable year for property taxes imposed for the March 1, 2002, assessment date and the January 15, 2003, assessment date.~~

~~STEP TWO: Determine the amount of property taxes that the taxpayer paid in the taxable year for the March 1, 2003, assessment date and the January 15, 2004, assessment date.~~

~~STEP THREE: Determine the result of the STEP ONE amount~~

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~~*divided by the STEP TWO amount.*~~
~~*STEP FOUR: Multiply the STEP THREE amount by two thousand five hundred dollars ($2,500).*~~
~~*STEP FIVE: Determine the sum of the STEP FOUR amount and two thousand five hundred dollars ($2,500).*~~".

Renumber all SECTIONS consecutively.

(Reference is to HB 1072 as printed January 23, 2012.)

WELCH

HOUSE MOTION

Mr. Speaker: I move that House Bill 1072 be amended to read as follows:

Page 128, between lines 13 and 14, begin a new paragraph and insert:

"SECTION 94. IC 6-9-25-9 IS REPEALED [EFFECTIVE JULY 1, 2012]. ~~Sec. 9. (a) This section applies to revenues from the county food and beverage tax received by the county before July 1, 1994.~~

~~(b) Money in the fund established under section 8 of this chapter shall be used by the county in the following order:~~

~~(1) To pay debt service on bonds issued under IC 36-2-6-18 through IC 36-2-6-20, including up to two (2) years interest, to finance:~~

~~(A) the acquisition, construction, or equipping of a basketball hall of fame;~~

~~(B) all reasonable and necessary architectural, engineering, legal, financing, accounting, advertising, bond discount, and supervisory expenses related to the acquisition, construction, or equipping of a basketball hall of fame or the issuance of bonds; and~~

~~(C) the establishment or maintenance of a debt service reserve fund for the bonds or any other reasonable or necessary reserve funds to operate, repair, maintain, or improve a basketball hall of fame.~~

~~(2) To redeem or prepay bonds after meeting all requirements of any bond ordinance.~~

~~(3) To reimburse the county or any nonprofit corporation for any money advanced for purposes of this chapter.~~

~~(c) Money held in the fund established under section 8 of this~~

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~~chapter shall be held until distribution under subsection (b).~~

~~(d) The county auditor shall make a semiannual distribution, at the time property tax revenue is distributed, to the paying agent for any bonds described in subsection (b)(1). Each semiannual distribution must be equal to principal and interest obligations on the bonds on the next interest payment date. Money received by a paying agent under this subsection shall be deposited in a special fund to be used to service the bonds.~~

SECTION 95. IC 6-9-25-9.5, AS AMENDED BY P.L.158-2005, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 9.5. (a) This section applies to revenues from the county food and beverage tax received by the county after June 30, 1994.

(b) Money in the fund established under section 8 of this chapter shall be used by the county for the financing, construction, renovation, improvement, equipping, or maintenance of the following capital improvements:

(1) Sanitary sewers or wastewater treatment facilities that serve economic development purposes.

(2) Drainage or flood control facilities that serve economic development purposes.

(3) Road improvements ~~used on an access road for an industrial park that serve economic development purposes.~~ **to foster economic development and tourism in the county.**

(4) A covered horse show arena.

(5) A historic birthplace memorial.

(6) A historic gymnasium and community center in a town in the county with a population greater than two thousand (2,000) but less than two thousand ~~four~~ **three** hundred ~~(2,400).~~ **(2,300).**

(7) Main street renovation and picnic and park areas in a town in the county with a population greater than two thousand (2,000) but less than two thousand ~~four~~ **three** hundred ~~(2,400).~~ **(2,300).**

(8) A community park and cultural center.

(9) Projects for which the county decides after July 1, 1994, to:

(A) expend money in the fund established under section 8 of this chapter; or

(B) issue bonds or other obligations or enter into leases under section 11.5 of this chapter;

after the projects described in subdivisions (1) through (8) have been funded.

(10) An ambulance.

Money in the fund may not be used for the operating costs of any of the

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permissible projects listed in this section. ~~In addition, the county may not issue bonds or enter into leases or other obligations under this chapter after December 31, 2015.~~

(c) The county capital improvements committee is established to make recommendations to the county fiscal body concerning the use of money in the fund established under section 8 of this chapter. The capital improvements committee consists of the following members:

(1) One (1) resident of the county representing each of the three (3) commissioner districts, appointed by the county executive. Not more than two (2) of the members appointed under this subdivision may be from the same political party.

(2) Two (2) residents of the county, appointed by the county fiscal body. The two (2) appointees may not be from the same political party. One (1) appointee under this subdivision must be a resident of a town in the county with a population greater than two thousand (2,000) but less than two thousand ~~four~~ **three** hundred ~~(2,400).~~ **(2,300).** One (1) appointee under this subdivision must be a resident of a town in the county with a population greater than two thousand ~~four~~ **three** hundred ~~(2,400).~~ **(2,300).**

(3) Two (2) residents of the largest city in the county, appointed by the municipal executive. The two (2) appointees under this subdivision may not be from the same political party. One (1) appointee must be interested in economic development.

(4) Two (2) residents of the largest city in the county, appointed by the municipal fiscal body. The two (2) appointees under this subdivision may not be from the same political party. One (1) appointee must be interested in tourism.

(d) Except as provided in subsection (e), the term of a member appointed to the capital improvements committee under subsection (c) is four (4) years.

(e) The initial terms of office for the members appointed to the county capital improvements committee under subsection (c) are as follows:

(1) Of the members appointed under subsection (c)(1), one (1) member shall be appointed for a term of two (2) years, one (1) member shall be appointed for three (3) years, and one (1) member shall be appointed for four (4) years.

(2) Of the members appointed under subsection (c)(2), one (1) member shall be appointed for two (2) years and one (1) member shall be appointed for three (3) years.

(3) Of the members appointed under subsection (c)(3), one (1) member shall be appointed for two (2) years and one (1) member

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shall be appointed for three (3) years.

(4) Of the members appointed under subsection (c)(4), one (1) member shall be appointed for three (3) years and one (1) member shall be appointed for four (4) years.

(f) At the expiration of a term under subsection (e), the member whose term expired may be reappointed to the county capital improvements committee to fill the vacancy caused by the expiration.

(g) The capital improvements committee ~~is abolished on January 1, 2016.~~ **shall:**

(1) meet at least once each year; and

(2) submit an annual report to the county fiscal body concerning the progress of any project funded by money in the fund.

SECTION 96. IC 6-9-25-10.5, AS AMENDED BY P.L.158-2005, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 10.5. (a) The county food and beverage tax council is established in the county. The membership of the county food and beverage tax council consists of the fiscal body of the county and the fiscal body of each municipality that lies either partly or entirely within the county.

(b) The county food and beverage tax council has a total of one hundred (100) votes. Every member of the county food and beverage tax council is allocated a percentage of the total one hundred (100) votes that may be cast. The percentage that a municipality in the county is allocated for a year equals the same percentage that the population of the municipality bears to the population of the county. The percentage that the county is allocated for a year equals the same percentage that the population of all areas of the county not located in a municipality bears to the population of the county. In the case of a municipality that lies partly within the county, the allocation shall be based on the population of that portion of the municipality that lies within the county.

(c) Before January 2 of each year, the county auditor shall certify to each member of the food and beverage tax council the number of votes, rounded to the nearest one-hundredth (0.01), the member has for that year.

(d) The food and beverage tax imposed under this chapter remains in effect until the county food and beverage tax council adopts an ordinance to rescind the tax.

(e) An ordinance to rescind the food and beverage tax takes effect December 31 of the year in which the ordinance is adopted.

(f) The county food and beverage tax council may not rescind the

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food and beverage tax if there are bonds outstanding or leases or other obligations payable under this chapter.

~~(g) The county food and beverage tax council is abolished on January 1, 2016.~~

SECTION 97. IC 6-9-25-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 11. (a) The county may issue its bonds to:

(1) pay any costs associated with a basketball hall of fame; ~~as set forth in section 9(b)(1) of this chapter;~~

(2) reimburse the county or any nonprofit corporation for any money advanced to pay those costs; or

(3) refund bonds issued under this section.

(b) Bonds issued under this section:

(1) are payable solely from money provided under this chapter;

(2) must be issued in the manner prescribed by IC 36-2-6-18 through IC 36-2-6-20; and

(3) may, in the discretion of the county, be sold at negotiated sale at a price to be determined by the county or in accordance with IC 5-1-11 and IC 5-3-1.

(c) Proceeds of the tax established under this chapter may be pledged:

(1) to pay debt service on bonds issued under this chapter;

(2) for the payment of lease rentals or other obligations entered into under this chapter; or

(3) for any purposes set forth in section ~~9(b)(1) or~~ 9.5 of this chapter.

A pledge is enforceable as set forth in IC 5-1-14-4.

(d) The county may lease the basketball hall of fame facility to a nonprofit corporation for a term not to exceed twenty-five (25) years. The lease may contain any terms acceptable to the county council and must be approved by ordinance of the county council.

SECTION 98. IC 6-9-25-11.5, AS AMENDED BY P.L.158-2005, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 11.5. (a) ~~Until January 1, 2016,~~ The county may:

(1) use money in the fund established under section 8 of this chapter to pay all or part of the costs associated with the facilities described in section 9.5 of this chapter;

(2) issue bonds, enter into leases, or incur other obligations to pay any costs associated with the facilities described in section 9.5 of this chapter;

(3) reimburse the county or any nonprofit corporation for any money advanced to pay those costs; ~~or~~

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(4) refund bonds issued or other obligations incurred under this chapter; **or**

(5) do either of the following:

(A) Use money in the fund established under section 8 of this chapter to pay all or part of the costs associated with the construction of a facility that enhances educational opportunities, economic development, or tourism in the county.

(B) Issue bonds, enter into leases, or incur other obligations to pay any costs associated with the construction of a facility described in clause (A).

(b) Bonds or other obligations issued under this section:

(1) are payable from money provided in this chapter, any other revenues available to the county, or any combination of these sources, in accordance with a pledge made under IC 5-1-14-4;

(2) must be issued in the manner prescribed by IC 36-2-6-18 through IC 36-2-6-20;

(3) may, in the discretion of the county, be sold at a negotiated sale at a price to be determined by the county or in accordance with IC 5-1-11 and IC 5-3-1; and

(4) may be issued for a term not to exceed twenty (20) years, such term to include any refunding bonds issued to refund bonds originally issued under this section.

(c) Leases entered into under this section:

(1) may be for a term not to exceed fifty (50) years;

(2) may provide for payments from revenues under this chapter, any other revenues available to the county, or any combination of these sources;

(3) may provide that payments by the county to the lessor are required only to the extent and only for the time that the lessor is able to provide the leased facilities in accordance with the lease;

(4) must be based upon the value of the facilities leased; and

(5) may not create a debt of the county for purposes of the Constitution of the State of Indiana.

(d) A lease may be entered into by the county executive only after a public hearing at which all interested parties are provided the opportunity to be heard. After the public hearing, the executive may approve the execution of the lease on behalf of the county only if the executive finds that the service to be provided throughout the life of the lease will serve the public purpose of the county and is in the best interests of its residents. A lease approved by the executive must also be approved by an ordinance of the county fiscal body.

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(e) Upon execution of a lease under this section, and after approval of the lease by the county fiscal body, the county executive shall publish notice of the execution of the lease and the approval of the lease in accordance with IC 5-3-1.

(f) An action to contest the validity of bonds issued or leases entered into under this section must be brought within thirty (30) days after the adoption of a bond ordinance or notice of the execution and approval of the lease, as the case may be.

SECTION 99. IC 6-9-25-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 14. Notwithstanding any other law, funds accumulated from the collection of the food and beverage tax imposed under section 3 of this chapter after redemption of the bonds issued under this chapter and accrued before July 1, 1994, may be set aside in an operation and maintenance fund for a basketball hall of fame financed under ~~section 9 of~~ this chapter. Money in the fund may be used by a nonprofit corporation that has leased the basketball hall of fame facility for the operation, repair, maintenance, or improvement of the basketball hall of fame.".

Renumber all SECTIONS consecutively.

(Reference is to HB 1072 as printed January 23, 2012.)

SAUNDERS

COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred House Bill No. 1072, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 4-10-13-0.1 IS REPEALED [EFFECTIVE JULY 1, 2012]. ~~Sec. 0.1. The amendments made to section 5 of this chapter by P.L.98-1989 apply to boating years beginning after December 31, 1989.~~".

Page 6, delete lines 10 through 42.

Page 7, delete lines 1 through 29.

Page 8, delete lines 34 through 42.

Page 9, delete lines 1 through 38.

Page 10, between lines 10 and 11, begin a new paragraph and insert:

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"SECTION 16. IC 6-1.1-3-24 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2011 (RETROACTIVE)]: **Sec. 24. (a) In determining the assessed value of various sizes of outdoor advertising signs for the 2011 through 2014 assessment dates, a taxpayer and assessing official shall use the following table without any adjustments:**

Single Pole Structure

Type of Sign	**Value Per Structure**
At least 48 feet, illuminated	**$5,000**
At least 48 feet, non-illuminated	**$4,000**
At least 26 feet and under 48 feet, illuminated	**$4,000**
At least 26 feet and under 48 feet, non-illuminated	**$3,300**
Under 26 feet, illuminated	**$3,200**
Under 26 feet, non-illuminated	**$2,600**
Other Types of Outdoor Signs	
At least 50 feet, illuminated	**$2,500**
At least 50 feet, non-illuminated	**$1,500**
At least 40 feet and under 50 feet, illuminated	**$2,000**
At least 40 feet and under 50 feet, non-illuminated	**$1,300**
At least 30 feet and under 40 feet, illuminated	**$2,000**
At least 30 feet and under 40 feet, non-illuminated	**$1,300**
At least 20 feet and under 30 feet, illuminated	**$1,600**
At least 20 feet and under 30 feet, non-illuminated	**$1,000**
Under 20 feet, illuminated	**$1,600**
Under 20 feet, non-illuminated	**$1,000**

(b) During the 2012 legislative interim, the commission on state tax and financing policy shall study the assessment of outdoor signs. Before January 1, 2013, the commission shall report to the general assembly on any suggested changes in the law with regard to assessing outdoor signs.

(c) This section expires July 1, 2015.

SECTION 17. IC 6-1.1-4-40 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2013]: Sec. 40. The value of federal income tax credits awarded under Section 42 of the Internal Revenue Code **after December 31, 2012,** ~~may not~~ **shall** be considered in determining the assessed value of low income housing tax credit property.".

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Page 10, between lines 40 and 41, begin a new paragraph and insert:

"SECTION 19. IC 6-1.1-12-26.1 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)]: **Sec. 26.1. (a) This section applies only to a solar power device that is installed after December 31, 2011.**

(b) This section does not apply to a solar power device that is owned or operated by a person that provides electricity at wholesale or retail for consideration other than a person that:

(1) participates in a net metering or feed-in-tariff program offered by an electric utility with respect to the solar power device; or

(2) is the owner or host of the solar power device site and a person consumes on the site the equivalent amount of electricity that is generated by the solar power device on an annual basis even if the electricity is sold to a public utility, including a solar power device directly serving a public utility's business operations site.

(c) For purposes of this section, "solar power device" means a device, such as a solar thermal, a photovoltaic, or other solar energy system, that is designed to use the radiant light or heat from the sun to produce electricity.

(d) The owner of real property equipped with a solar power device that is assessed as a real property improvement may have deducted annually from the assessed value of the real property an amount equal to:

(1) the assessed value of the real property with the solar power device included; minus

(2) the assessed value of the real property without the solar power device.

(e) The owner of a solar power device that is assessed as:

(1) distributable property under IC 6-1.1-8; or

(2) personal property;

may have deducted annually the assessed value of the solar power device.

SECTION 20. 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 (RETROACTIVE)]: Sec. 27.1. Except as provided in sections 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 **or 26.1** of this chapter must file a certified statement in duplicate, on forms prescribed by the department of local government

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finance, with the auditor of the county in which the real property, ~~or~~ mobile home, **manufactured home, or solar power device** is subject to assessment. With respect to real property **or a solar power device that is assessed as distributable property under IC 6-1.1-8 or as personal property,** the person must file the statement during the year for which the person desires to obtain the deduction. Except as provided in sections 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 own the solar power device;** ~~or~~

(2) be buying the real property, mobile home, ~~or~~ manufactured home, **or solar power device** under contract; **or**

(3) be leasing the real property from the real property owner and be subject to assessment and property taxation with respect to the solar power device;

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 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, **manufactured home, or solar power device** is subject to assessment, or the county assessor if there is no township assessor for the township, the county auditor shall allow the deduction.".

Page 12, delete lines 26 through 42.

Delete pages 13 through 15.

Page 16, delete lines 1 through 16.

Page 27, line 2, after "include" delete ":".

Page 27, delete lines 4 through 5.

Page 27, line 6, strike "(2)".

Page 27, run in lines 2 through 6.

Page 27, line 17, after "chapter." insert "**to the city or town fiscal body in the manner prescribed by the department of local government finance before September 2 of a year.**".

Page 27, reset in roman lines 18 through 23.

Page 27, line 24, reset in roman "or town.".

Page 27, line 24, delete "to the city or town fiscal body in the manner prescribed by".

Page 27, delete lines 25 through 26.

Page 28, delete lines 7 through 42.

Page 29, delete lines 1 through 28.

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Page 34, delete lines 3 through 42.

Delete pages 35 through 38.

Page 39, delete lines 1 through 23.

Page 43, between lines 15 and 16, begin a new paragraph and insert:

"SECTION 40. IC 6-2.3-4-7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2013]: **Sec. 7. Gross receipts are exempt from the utility receipts tax if the gross receipts are received by a taxpayer from an electricity supplier (as defined in IC 8-1-2.3-2) as payment of severance damages or other compensation resulting from a change in assigned service area boundaries under IC 8-1-2.3-6(1), IC 8-1-2.3-6(2), or IC 8-1-2.3-6(3).**

SECTION 41. IC 6-2.5-4-5, AS AMENDED BY P.L.32-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)]: 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 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) 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) The power subsidiary or person sells the services or commodities listed in subsection (b) to a person for use in manufacturing, mining, production, **processing (after December 31, 2012), repairing (after December 31, 2012),** refining, **recycling (as defined in IC 6-2.5-5-45),** oil extraction, mineral extraction, irrigation, agriculture, **floriculture (after December**

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31, 2012), arboriculture (after December 31, 2012), 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) 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 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

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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 42. IC 6-2.5-5-5.1, AS AMENDED BY P.L.172-2011, SECTION 50, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 5.1. (a) As used in this section, "tangible personal property" includes electrical energy, natural or artificial gas, water, steam, and steam heat.

(b) Transactions involving tangible personal property are exempt from the state gross retail tax if the person acquiring the property acquires it for direct consumption as a material to be consumed in the direct production of other tangible personal property in the person's business of manufacturing, processing, refining, repairing, mining, agriculture, horticulture, floriculture, or arboriculture. This exemption includes transactions involving acquisitions of tangible personal property used in commercial printing.

(c) A refund claim based on the exemption provided by this section for electrical energy, natural or artificial gas, water, steam, and steam heat may not cover transactions that occur more than ~~eighteen (18)~~ **thirty-six (36)** months before the date of the refund claim.

SECTION 43. IC 6-2.5-5-9 IS AMENDED TO READ AS

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FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 9. (a) As used in this section, "returnable containers" means containers customarily returned by the buyer of the contents for reuse as containers.

(b) Sales of returnable containers are exempt from the state gross retail tax if the transaction constitutes selling at retail as defined in IC 6-2.5-4-1 and if the returnable containers contain contents.

(c) Sales of returnable containers are exempt from the state gross retail tax if the containers are transferred empty for the purpose of refilling.

(d) Sales of wrapping material and empty containers are exempt from the state gross retail tax if the person acquiring the material or containers acquires them for use as nonreturnable packages for:

(1) selling the contents that ~~he~~ **the person** adds; **or**

(2) shipping or delivering tangible personal property that:

(A) is owned by another person;

(B) is processed or serviced for the owner; and

(C) will be sold by that owner either in the same form or as a part of other tangible personal property produced by that owner in the owner's business of manufacturing, assembling, constructing, refining, or processing.

SECTION 44. IC 6-2.5-5-30, AS AMENDED BY P.L.42-2011, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)]: Sec. 30. (a) Sales of tangible personal property are exempt from the state gross retail tax if:

(1) the property constitutes, is incorporated into, or is consumed in the operation of, a device, facility, or structure predominantly used and acquired for the purpose of complying with any state, local, or federal environmental quality statutes, regulations, or standards; and

(2) the person acquiring the property is engaged in the business of manufacturing, processing, refining, mining, **recycling (as defined in section 45 of this chapter),** or agriculture.

(b) The portion of the sales price of tangible personal property which is exempt from state gross retail and use taxes under this section equals the product of:

(1) the total sales price; multiplied by

(2) one hundred percent (100%).

SECTION 45. IC 6-2.5-5-45 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)]: **Sec. 45. (a) For purposes of this section, IC 6-2.5-4-5, and section 30 of this chapter, the following definitions apply:**

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(1) "Recycling" means the processing of recycling materials and other tangible personal property into a product for sale if the product is predominantly composed of recycling materials. The term does not include the following:

(A) The demolition of improvements to real estate.

(B) The processing of tangible personal property primarily for disposal in a licensed solid waste disposal facility rather than for sale.

(C) The collection of recycling materials by licensed motor vehicles.

(2) "Recycling materials" means tangible personal property, including metal, paper, glass, plastic, textile, or rubber, that:

(A) is considered "scrap" by industry standards or has no more than scrap value;

(B) is a byproduct of another person's manufacturing or production process;

(C) was previously manufactured or incorporated into a product;

(D) would otherwise reasonably be expected to be destined for disposal in a licensed solid waste disposal facility; or

(E) has been removed or diverted from the solid waste stream for sale, use, or reuse as raw materials, regardless of whether or not the materials require subsequent processing or separation from each other.

(3) "Processing of recycling materials" means:

(A) the activities involved in collecting or otherwise receiving recycling materials and other tangible personal property; and

(B) creating a product for sale by changing the original form, use, or composition of the property (whether manually, mechanically, chemically, or otherwise) through weighing, sorting, grading, separating, shredding, crushing, compacting, breaking, cutting, baling, shearing, torching, wire-stripping, or other means.

(b) Transactions involving machinery, tools, supplies, and equipment are exempt from the state gross retail tax if:

(1) the person acquiring that property acquires it for use in recycling; and

(2) the person acquiring that property is occupationally engaged in recycling.

(c) Transactions involving recycling materials and other tangible personal property to be consumed in the processing of

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recycling materials or to become a part of the product produced by the processing of recycling materials are exempt from the state gross retail tax if:

(1) the person acquiring that property acquires it for use in recycling; and

(2) the person acquiring that property is occupationally engaged in recycling.".

Page 43, line 16, delete "P.L.229-2011" and insert "HEA 1009-2012, SECTION 47,".

Page 43, delete lines 17 through 18.

Page 43, line 19, delete "AND" and insert "IS".

Page 64, delete lines 25 through 42.

Page 65, delete lines 1 through 23, begin a new paragraph and insert:

"SECTION 45. IC 6-3.1-24-9, AS AMENDED BY P.L.172-2011, SECTION 68, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 9. (a) The total amount of tax credits that may be allowed under this chapter in a particular calendar year for qualified investment capital provided during that calendar year may not exceed twelve million five hundred thousand dollars ($12,500,000). The Indiana economic development corporation may not certify a proposed investment plan under section 12.5 of this chapter if the proposed investment would result in the total amount of the tax credits certified for the calendar year exceeding twelve million five hundred thousand dollars ($12,500,000). An amount of an unused credit carried over by a taxpayer from a previous calendar year may not be considered in determining the amount of proposed investments that the Indiana economic development corporation may certify under this chapter.

(b) Notwithstanding the other provisions of this chapter, a taxpayer is not entitled to a credit for providing qualified investment capital to a qualified Indiana business after December 31, ~~2014.~~ **2016.** However, this subsection may not be construed to prevent a taxpayer from carrying over to a taxable year beginning after December 31, ~~2014,~~ **2016,** an unused tax credit attributable to an investment occurring before January 1, ~~2015.~~ **2017.**".

Page 65, line 30, delete "2015." and insert "**2016.**".

Page 65, line 33, delete "2016," and insert "**2017,**".

Page 65, line 34, delete "2015," and insert "**2016,**".

Page 65, between lines 34 and 35, begin a new paragraph and insert:

"SECTION 47. IC 6-3.1-31.9-23, AS ADDED BY P.L.223-2007, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 23. (a) This chapter applies to taxable years

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beginning after December 31, 2006.

(b) Notwithstanding the other provisions of this chapter, the corporation may not approve ~~a~~ **an alternative fuel vehicle manufacturing** credit for a qualified investment made after December 31, ~~2012.~~ **2016.** However, this section may not be construed to prevent a taxpayer from carrying an unused tax credit attributable to a qualified investment made before January 1, ~~2012,~~ **2017,** forward to a taxable year beginning after December 31, ~~2011,~~ **2016,** in the manner provided by section 13 of this chapter.

SECTION 48. IC 6-3.1-33-9, AS ADDED BY P.L.110-2010, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 9. (a) Before January 1, ~~2013,~~ **2017,** a corporation or pass through entity that desires to qualify for the **new employer** credit provided by this chapter may submit an application to the IEDC in the form and manner specified by the IEDC.

(b) The IEDC shall promptly review all applications submitted to the IEDC under this chapter.

(c) If the IEDC determines that an applicant for the tax credit provided by this chapter has furnished reliable evidence, as determined by the IEDC, that the applicant is reasonably capable of:

(1) employing at least ten (10) qualified employees in each month of the period specified in section 10(b) of this chapter during the taxable year; and

(2) meeting the requirements for the tax credit provided by this chapter;

the IEDC may issue the applicant a certificate of approval. If a certificate of approval is issued, the IEDC shall provide a copy of the certificate to the department.

(d) In making a determination of whether an applicant is qualified for a credit under this chapter, the IEDC may consider the following:

(1) The applicant's employment levels in previous years to determine if the applicant is hiring new individuals or rehiring individuals.

(2) Whether the applicant is the successor to part or all of the assets or business operations of another corporation or pass through entity that conducted business operations in Indiana in the same line of business to determine if the applicant is a new Indiana business under this chapter.

(e) If the IEDC determines that the applicant will not employ at least ten (10) qualified employees in each month of the period specified in section 10(b) of this chapter during the taxable year, is not a new Indiana business, or does not meet, or is unlikely to meet, any other

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requirements for the tax credit provided by this chapter, the IEDC shall notify the applicant of the IEDC's determination.

(f) The IEDC may not issue a certificate of approval under this chapter after December 31, ~~2012.~~ **2016.**".

Page 66, delete lines 37 through 42.

Page 67, delete lines 1 through 25.

Page 68, delete lines 26 through 42.

Delete pages 69 through 73.

Page 74, delete lines 1 through 10.

Page 75, delete lines 26 through 42.

Delete page 76.

Page 77, delete lines 1 through 38.

Page 78, between lines 22 and 23, begin a new paragraph and insert:

"SECTION 57. IC 6-3.5-1.1-9, AS AMENDED BY P.L.229-2011, SECTION 88, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)]: Sec. 9. (a) Revenue derived from the imposition of the county adjusted gross income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it. The amount to be distributed to a county during an ensuing calendar year equals the amount of county adjusted gross 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 adjusted gross income tax made in the state fiscal year.

(b) Before August 2 of each calendar year, the budget agency shall certify to the county auditor of each adopting county the amount determined under subsection (a) plus the amount of interest in the county's account that has accrued and has not been included in a certification made in a preceding year. The amount certified is the county's "certified distribution" for the immediately succeeding calendar year. The amount certified shall be adjusted under subsections (c), (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;

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(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 6-3.5-1.1-21.1.

The budget agency shall also certify information concerning the part of the certified distribution that is attributable to a tax rate under section 24, 25, or 26 of this chapter. This information must be certified to the county auditor, the department, and the department of local government finance not later than September 1 of each calendar year. The part of the certified distribution that is attributable to a tax rate under section 24, 25, or 26 of this chapter may be used only as specified in those provisions.

(c) 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.

(d) The budget agency shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any 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.

~~(e) The budget agency shall adjust the certified distribution of a county to provide the county with the distribution required under section 10(b) of this chapter.~~

~~(f)~~ **(e)** This subsection applies to a county that initially 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 (a)(1) through (a)(2) in the manner provided in subsection (c). 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 required under subsections (c), (d), ~~(e),~~ **(f), and**

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(g). ~~and (h).~~ 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 (b) and reflects the changes made in the adjustment.

~~(g)~~ **(f)** The budget agency shall adjust the certified distribution of a county to provide the county with the distribution required under section 3.3 of this chapter beginning not later than the tenth month after the month in which additional revenue from the tax authorized under section 3.3 of this chapter is initially collected.

~~(h)~~ **(g)** This subsection applies in the year in which a county initially imposes a tax rate under section 24 of this chapter. Notwithstanding any other provision, the budget agency shall adjust the part of the county's certified distribution that is attributable to the tax rate under section 24 of this chapter to provide for a distribution in the immediately following calendar year equal to the result of:

(1) the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) in the year in which the county initially imposes a tax rate under section 24 of this chapter; multiplied by

(2) two (2).

~~(i)~~ **(h)** The budget agency shall before May 1 of every odd-numbered year publish an estimate of the statewide total amount of certified distributions to be made under this chapter during the following two (2) calendar years.

~~(j)~~ **(i)** The budget agency shall before May 1 of every even-numbered year publish an estimate of the statewide total amount of certified distributions to be made under this chapter during the following calendar year.

~~(k)~~ **(j)** The estimates under subsections **(h) and** (i) ~~and (j)~~ must specify the amount of the estimated certified distributions that are attributable to the additional rate authorized under section 24 of this chapter, the additional rate authorized under section 25 of this chapter, the additional rate authorized under section 26 of this chapter, and any other additional rates authorized under this chapter.".

Page 80, line 12, delete "P.L.77-2011," and insert "HEA 2009-2012, SECTION 54,".

Page 80, delete line 13.

Page 80, line 14, delete "CORRECTED AND".

Page 93, between lines 9 and 10, begin a new paragraph and insert:

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"SECTION 60. IC 6-3.5-6-1.5, AS ADDED BY P.L.113-2010, SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)]: Sec. 1.5. (a) Notwithstanding any other provision of this chapter, a power granted by this chapter to adopt an ordinance to:

(1) impose, increase, decrease, or rescind a tax or tax rate; or

(2) grant, increase, decrease, rescind, or change a homestead credit or property tax replacement credit authorized under this chapter;

may be exercised at any time in a year before November 1 of that year.

(b) Notwithstanding any other provision of this chapter, an ordinance authorized by this chapter that imposes or increases a tax or a tax rate takes effect as follows:

(1) An ordinance adopted after December 31 of the immediately preceding year and before October 1 of the current year takes effect October 1 of the current year.

(2) An ordinance adopted after September 30 and before October 16 of the current year takes effect November 1 of the current year.

(3) An ordinance adopted after October 15 and before November 1 of the current year takes effect December 1 of the current year.

(c) Notwithstanding any other provision of this chapter, an ordinance authorized by this chapter that decreases or rescinds a tax or a tax rate takes effect as follows:

(1) An ordinance adopted after December 31 of the immediately preceding year and before October 1 of the current year takes effect on the later of October 1 of the current year or the first day of the month in the current year as the month in which the last increase in the tax or tax rate occurred.

(2) An ordinance adopted after September 30 and before October 16 of the current year takes effect on the later of November 1 of the current year or the first day of the month in the current year as the month in which the last increase in the tax or tax rate occurred.

(3) An ordinance adopted after October 15 and before November 1 of the current year takes effect December 1 of the current year.

(d) ~~Notwithstanding any other provision of this chapter,~~ **Except as provided in subsection (e),** an ordinance authorized by this chapter that grants, increases, decreases, rescinds, or changes a homestead credit or property tax replacement credit authorized under this chapter takes effect for and **initially** applies to property taxes first due and payable in the year immediately following the year in which the ordinance is adopted.

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(e) This subsection applies only to Miami County. A county income tax council may adopt an ordinance in 2012 to select a different combination of uses specified in section 32(f) of this chapter for tax revenue distributed to the county from a tax rate imposed under section 32 of this chapter (county option income tax rate to provide property tax relief to taxpayers). The county income tax council may provide in the ordinance that the ordinance initially takes effect for and applies to property taxes first due and payable in 2012. This subsection expires January 1, 2013.".

Page 115, delete lines 10 through 27.

Page 121, between lines 29 and 30, begin a new paragraph and insert:

"**(z) This subsection applies to Starke County. Except as provided in subsection (o), if an ordinance is adopted under section 27.6 of this chapter, the county economic development income tax rate plus the county adjusted gross income tax rate that is in effect on January 1 of a year may not exceed two percent (2%).**".

Page 123, line 2, after "(f)" delete "," and insert "**and**".

Page 123, line 2, after "(g)" delete "," and insert ".".

Page 123, line 2, strike "and (h).".

Page 123, strike lines 26 through 28.

Page 123, line 29, strike "(g)" and insert "**(f)**".

Page 123, line 33, strike "(h)" and insert "**(g)**".

Page 124, line 4, after "(e)" delete "," and insert "**and**".

Page 124, line 4, after "(f)" delete "," and insert ".".

Page 124, line 4, strike "and (g).".

Page 124, line 12, strike "(i)" and insert "**(h)**".

Page 124, line 16, strike "(j)" and insert "**(i)**".

Page 124, line 20, strike "(k)" and insert "**(j)**".

Page 124, line 20, strike "(i) and (j)" and insert "**(h) and (i)**".

Page 124, line 26, after "27.5," insert "**27.6,**".

Page 126, line 23, strike "and".

Page 126, line 23, after "27.5" insert ", **and 27.6**".

Page 126, line 28, strike "and".

Page 126, line 28, after "27.5" insert ", **and 27.6**".

Page 134, delete lines 38 through 42.

Delete pages 135 through 139.

Page 140, delete lines 1 through 20.

Page 143, line 20, strike "16(c)" and insert "**16**".

Page 143, line 28, strike "16(c)" and insert "**16**".

Page 144, line 8, strike "16(c)" and insert "**16**".

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Page 148, between lines 7 and 8, begin a new paragraph and insert:

"SECTION 57. IC 6-3.5-7-27.6 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 27.6. (a) This section applies to Starke County.**

(b) Starke County possesses unique governmental and economic development challenges due to:

(1) the county's predominantly rural geography, demography, and economy;

(2) the county's relatively low tax base and relatively high property tax rates;

(3) the current maximum capacity of the county jail, which was constructed in 1976; and

(4) pending federal class action litigation seeking a mandate to address capacity and living conditions in the county jail.

The use of county economic development income tax revenue under this section is necessary for the county to address jail capacity and appropriate inmate living conditions and to maintain low property tax rates essential to economic development. The use of the economic development income tax revenue under this section for the purposes described in subsections (c) and (d) promotes that purpose.

(c) The county council may, by ordinance, determine that additional county economic development income tax revenue is needed in the county to:

(1) finance, construct, acquire, and equip the county jail and related buildings and parking facilities, including costs related to the demolition of existing buildings, the acquisition of land, and any other reasonably related costs; and

(2) repay bonds issued or leases entered into for constructing, acquiring, and equipping the county jail and related buildings and parking facilities, including costs related to the demolition of existing buildings, the acquisition of land, and any other reasonably related costs.

(d) The county council may, by ordinance, determine that additional county economic development income tax revenue is needed in the county to operate or maintain the facilities described in subsection (c)(1) that are located in the county. The county council may make a determination under this subsection and under subsection (c).

(e) In addition to the rates permitted by section 5 of this chapter, the county council may, subject to subsections (f) and (g),

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impose the county economic development income tax at a rate not to exceed sixty-five hundredths percent (0.65%) on the adjusted gross income of county taxpayers if the county council:

(1) makes the determination described in subsection (c); or

(2) makes both the determination described in subsection (c) and the determination described in subsection (d).

(f) If the county council makes only the determination under subsection (c), the county council may adopt a tax rate under subsection (e). The tax rate may not exceed the lesser of:

(1) sixty-five hundredths percent (0.65%); or

(2) the tax rate that is necessary to pay the costs of financing, acquiring, and equipping the county jail and related buildings and parking facilities, including costs related to the demolition of existing buildings, the acquisition of land, and any other reasonably related costs.

(g) If the county council makes both the determination under subsection (c) and the determination under subsection (d), the county council may adopt a tax rate under subsection (e). The tax rate may not exceed the lesser of:

(1) sixty-five hundredths percent (0.65%); or

(2) the tax rate that is necessary to:

(A) pay the costs of financing, acquiring, and equipping the county jail and related buildings and parking facilities, including costs related to the demolition of existing buildings, the acquisition of land, and any other reasonably related costs; and

(B) provide sufficient annual revenues to operate and maintain the facilities described in subsection (c)(1).

(h) A tax rate imposed under this section may be imposed only until the later of:

(1) the date on which the last of any bonds issued or leases entered into to finance the facilities are fully paid; or

(2) the date on which the ordinance under subsection (c) or (d) is repealed or rescinded.

The term of the bonds issued (including any refunding bonds) or a lease entered into under subsection (c)(2) may not exceed twenty-five (25) years.

(i) The county treasurer shall establish a county jail revenue fund to be used only for the purposes described in this section. County economic development income tax revenues derived from the tax rate imposed under this section shall be deposited in the county jail revenue fund before making a certified distribution

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under section 11 of this chapter.

(j) County economic development income tax revenues derived from the tax rate imposed under this section:

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

(2) may not be considered by the department of local government finance in determining the county's maximum permissible ad valorem property tax levy limit under IC 6-1.1-18.5; and

(3) may be pledged to the repayment of bonds issued or leases entered into for the purposes described in subsection (c).".

Page 149, delete lines 23 through 42, begin a new paragraph and insert:

"SECTION 95. IC 6-7-2-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 6. As used in this chapter, "wholesale price" means the **net** price **shown on an invoice and** at which the manufacturer of the tobacco products sells tobacco products to distributors, excluding any discount or other reduction **that is not shown on the invoice.**

SECTION 96. IC 6-8.1-9-1, AS AMENDED BY P.L.172-2011, SECTION 89, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 1. (a) If a person has paid more tax than the person determines is legally due for a particular taxable period, the person may file a claim for a refund with the department. Except as provided in subsections (f) **and** (g), ~~and (h),~~ in order to obtain the refund, the person must file the claim with the department within three (3) years after the latter of the following:

(1) The due date of the return.

(2) The date of payment.

For purposes of this section, the due date for a return filed for the state gross retail or use tax, the gasoline tax, the special fuel tax, the motor carrier fuel tax, the oil inspection fee, or the petroleum severance tax is the end of the calendar year which contains the taxable period for which the return is filed. The claim must set forth the amount of the refund to which the person is entitled and the reasons that the person is entitled to the refund.

(b) After considering the claim and all evidence relevant to the claim, the department shall issue a decision on the claim, stating the part, if any, of the refund allowed and containing a statement of the reasons for any part of the refund that is denied. The department shall mail a copy of the decision to the person who filed the claim. If the person disagrees with a part of the decision, the person may file a

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protest and request a hearing with the department. The department shall mail a copy of the decision to the person who filed the protest. If the department allows the full amount of the refund claim, a warrant for the payment of the claim is sufficient notice of the decision.

(c) If the person disagrees with any part of the department's decision, the person may appeal the decision, regardless of whether or not the person protested the tax payment or whether or not the person has accepted a refund. The person must file the appeal with the tax court. The tax court does not have jurisdiction to hear a refund appeal suit, if:

~~(1) the appeal is filed more than three (3) years after the date the claim for refund was filed with the department;~~

~~(2)~~ **(1)** the appeal is filed more than ninety (90) days after the later of the date the department mails:

(A) the decision of denial of the claim to the person; or

(B) the decision made on the protest filed under subsection (b); or

~~(3)~~ **(2)** the appeal is filed both before the decision is issued and before the one hundred eighty-first day after the date the person files the claim for refund with the department.

(d) The tax court shall hear the appeal de novo and without a jury, and after the hearing may order or deny any part of the appealed refund. The court may assess the court costs in any manner that it feels is equitable. The court may enjoin the collection of any of the listed taxes under IC 33-26-6-2. The court may also allow a refund of taxes, interest, and penalties that have been paid to and collected by the department.

(e) With respect to the motor vehicle excise tax, this section applies only to penalties and interest paid on assessments of the motor vehicle excise tax. Any other overpayment of the motor vehicle excise tax is subject to IC 6-6-5.

(f) If a taxpayer's federal income tax liability for a taxable year is modified by the Internal Revenue Service, and the modification would result in a reduction of the tax legally due, the due date by which the taxpayer must file a claim for refund with the department is the later of:

(1) the date determined under subsection (a); or

(2) the date that is one hundred eighty (180) days after the date on which the taxpayer is notified of the modification by the Internal Revenue Service.

(g) If an agreement to extend the assessment time period is entered into under IC 6-8.1-5-2(h), the period during which a person may file a claim for a refund under subsection (a) is extended to the same date

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to which the assessment time period is extended.

~~(h) If a taxpayer's claim for a refund of gross retail or use tax is based on:~~

~~(1) IC 6-2.5-4-5(c)(3); or~~

~~(2) the exemption provided by IC 6-2.5-5-5.1 for electrical energy, natural or artificial gas, water, steam, and steam heat;~~

~~the person must file the claim with the department within eighteen (18) months after the date of payment.~~".

Delete pages 150 through 154.

Page 155, delete lines 1 through 22, begin a new paragraph and insert:

"SECTION 105. IC 6-9-33-8, AS AMENDED BY P.L.229-2011, SECTION 98, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 8. (a) If a tax is imposed under section 3 of this chapter, the county treasurer shall establish a supplemental coliseum improvement fund. The county treasurer shall deposit in this fund all amounts received from the tax imposed under this chapter. Money in this fund:

(1) may be appropriated only to retire or advance refund bonds issued, loans obtained, or lease payments incurred under IC 36-1-10 (referred to in this chapter as "obligations") to remodel, expand, improve, or acquire an athletic and exhibition coliseum in existence before the effective date of an ordinance adopted under section 3 of this chapter; and

(2) shall be used to make transfers required by subsection (b).

(b) There is established a **food and beverage tax fund, with a** food and beverage tax reserve account, **both** to be administered by the capital improvement board of managers (IC 36-10-8). The money that is deposited in the supplemental coliseum improvement fund after December 31, 2009, and is not needed in a year to make payments on obligations for which a pledge of revenue under this chapter was made before January 1, 2009, shall be transferred to the capital improvement board. The county treasurer shall make the transfer before February 1 of the following year. The capital improvement board shall deposit the money it receives in the board's food and beverage tax **fund** reserve account. Money in the reserve account may not be withdrawn or transferred during the year it is received except to make transfers back to the county to make payments on obligations for which a pledge of revenue under this chapter was made before January 1, 2009. However, the capital improvement board may transfer:

(1) interest earned on money in the reserve account; and

(2) an amount equal to the balance that has been held in the

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reserve account for at least twelve (12) months;

to the board's ~~capital improvement fund established by IC 36-10-8-12.~~ **food and beverage tax fund and used as provided in subsection (c).**

(c) Excess revenue transferred under subsection (b) to the capital improvement board of managers may be used to provide funding for:

(1) the construction of a capital improvement (as defined in IC 36-10-1-4);

(2) an economic development project as described in:

(A) IC 6-3.5-7-13.1(c)(1) or IC 6-3.5-7-13.1(c)(2)(A) through IC 6-3.5-7-13.1(c)(2)(I); and

(B) IC 6-3.5-7-13.1(c)(2)(K); or

(3) financing a capital improvement or an economic development project described in subdivision (1) or (2).

In carrying out this subsection, the capital improvement board may borrow against future tax revenue that will be collected under this chapter. In addition, the capital improvement board may use an amount not to exceed one hundred thousand dollars ($100,000) annually from the tax revenue collected under this chapter to pay expenses related to investigating a potential capital improvement or economic development project, including feasibility and preliminary engineering studies related to such a capital improvement or economic development project.

(d) Excess revenue transferred under subsection (b) to the capital improvement board of managers may not be used to:

(1) provide funding for improvements initiated before January 1, 2009, that are located in the area bounded on the north by Jefferson Boulevard, on the east by Harrison Street, on the south by Breckenridge Street, and on the west by Ewing Street as those public ways were located on January 1 2009, as part of the Harrison Square project;

(2) provide for debt service or lease payments for a project for which the obligations for the project were incurred before January 1, 2009; or

(3) pay operational expenses for any facilities of the municipality.

SECTION 106. IC 6-9-43 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 43. Town of Fishers Food and Beverage Tax

Sec. 1. This chapter applies to the Town of Fishers.

Sec. 2. The definitions in IC 6-9-12-1 apply throughout this chapter.

Sec. 3. (a) The fiscal body of the town may adopt an ordinance

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not later than September 30, 2012, to impose an excise tax, known as the town food and beverage tax, on transactions described in section 4 of this chapter.

(b) If the town fiscal body adopts an ordinance under subsection (a), the town fiscal body shall immediately send a certified copy of the ordinance to the department of state revenue.

(c) If the town fiscal body adopts an ordinance under subsection (a), the town food and beverage tax applies to transactions that occur after the last day of the month that succeeds the month in which the ordinance is adopted.

Sec. 4. (a) Except as provided in subsection (c), a tax imposed under section 3 of this chapter applies to a transaction in which food or beverage is furnished, prepared, or served:

(1) for consumption at a location or on equipment provided by a retail merchant;

(2) in the town; and

(3) by a retail merchant for consideration.

(b) Transactions described in subsection (a)(1) include transactions in which food or beverage is:

(1) served by a retail merchant off the merchant's premises;

(2) food sold in a heated state or heated by a retail merchant;

(3) made of two (2) or more food ingredients, mixed or combined by a retail merchant for sale as a single item (other than food that is only cut, repackaged, or pasteurized by the seller, and eggs, fish, meat, poultry, and foods containing these raw animal foods requiring cooking by the consumer as recommended by the federal Food and Drug Administration in chapter 3, subpart 3-401.11 of its Food Code so as to prevent food borne illnesses); or

(4) food sold with eating utensils provided by a retail merchant, including plates, knives, forks, spoons, glasses, cups, napkins, or straws (for purposes of this subdivision, a plate does not include a container or package used to transport the food).

(c) The town food and beverage tax does not apply to the furnishing, preparing, or serving of a food or beverage in a transaction that is exempt, or to the extent the transaction is exempt, from the state gross retail tax imposed by IC 6-2.5.

Sec. 5. The town food and beverage tax imposed on a food or beverage transaction described in section 4 of this chapter equals one percent (1%) of the gross retail income received by the merchant from the transaction. For purposes of this chapter, the

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gross retail income received by the retail merchant from a transaction does not include the amount of tax imposed on the transaction under IC 6-2.5.

Sec. 6. A tax imposed under this chapter shall be imposed, paid, and collected in the same manner that the state gross retail tax is imposed, paid, and collected under IC 6-2.5. However, the return to be filed with the payment of the tax imposed under this chapter may be made on a separate return or may be combined with the return filed for the payment of the state gross retail tax, as prescribed by the department of state revenue.

Sec. 7. The amounts received from the tax imposed under this chapter shall be paid monthly by the treasurer of state to the town fiscal officer upon warrants issued by the auditor of state.

Sec. 8. (a) If a tax is imposed under section 3 of this chapter by a town, the town fiscal officer shall establish a food and beverage tax receipts fund.

(b) The town fiscal officer shall deposit in this fund all amounts received under this chapter.

(c) Money earned from the investment of money in the fund becomes a part of the fund.

Sec. 9. Money in the food and beverage tax receipts fund shall be used by the town:

(1) to reduce the town's property tax levy for a particular year at the discretion of the town, but this use does not reduce the maximum permissible ad valorem property tax levy under IC 6-1.1-18.5 for the town; or

(2) for any legal or corporate purpose of the town, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4.

Revenue derived from the imposition of a tax under this chapter may be treated by the town as additional revenue for the purpose of fixing its budget for the budget year during which the revenues are to be distributed to the town.

Sec. 10. With respect to obligations for which a pledge has been made under section 9 of this chapter, the general assembly covenants with the holders of the obligations that this chapter will not be repealed or amended in a manner that will adversely affect the imposition or collection of the tax imposed under this chapter if the payment of any of the obligations is outstanding.

SECTION 107. IC 8-14-1-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) All funds allocated to cities and towns from the motor vehicle highway account

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shall be used by the cities and towns for the construction, reconstruction, repair, maintenance, oiling, sprinkling, snow removal, weed and tree cutting, and cleaning of their highways as herein defined, and including also any curbs, and the city's or town's share of the cost of the separation of the grades of crossing of public highways and railroads, the purchase or lease of highway construction and maintenance equipment, the purchase, erection, operation and maintenance of traffic signs and signals, and safety zones and devices; and the painting of structures, objects, surfaces in highways for purposes of safety and traffic regulation. All of such funds shall be budgeted as provided by law.

(b) In addition to purposes for which funds may be expended under ~~subsections~~ **subsection** (a), ~~and (c) of this section,~~ monies allocated to cities and towns under this chapter may be expended for **the following purposes:**

(1) Law enforcement purposes, subject to the following limitations:

~~(1)~~ **(A)** For cities and towns with a population of less than five thousand (5,000), no more than fifteen percent (15%) may be spent for law enforcement purposes.

~~(2)~~ **(B)** For cities and towns other than those specified in ~~subdivision (1) of this subsection,~~ **clause (A),** no more than ten percent (10%) may be spent for law enforcement purposes.

(2) The payment of principal and interest on bonds sold primarily to finance road, street, or thoroughfare projects.

(3) Any purpose for which money may be used under IC 8-14-2.

~~(c) In addition to purposes for which funds may be expended under subsections (a) and (b) of this section, monies allocated to cities and towns under this chapter may be expended for the payment of principal and interest on bonds sold primarily to finance road, street, or thoroughfare projects.~~

SECTION 108. IC 8-14-2-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. **Except as provided in section 5.5 of this chapter,** money from the local road and street account shall be used exclusively by the cities, towns, and counties for:

(1) engineering, land acquisition, construction, resurfacing, maintenance, restoration, or rehabilitation of both local and arterial road and street systems;

(2) the payment of principal and interest on bonds sold primarily to finance road, street, or thoroughfare projects;

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(3) any local costs required to undertake a recreational or reservoir road project under IC 8-23-5; or

(4) the purchase, rental, or repair of highway equipment.

SECTION 109. IC 8-14-2-5.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 5.5. In addition to the purposes described in section 5 of this chapter, money from the local road and street account allocated to cities and towns may be used for any purpose for which money may be used under IC 8-14-1.**".

Page 156, delete lines 21 through 42.

Delete pages 157 through 160.

Page 161, delete lines 1 through 27.

Page 163, between lines 24 and 25, begin a new paragraph and insert:

"SECTION 117. IC 36-7-15.1-16, AS AMENDED BY P.L.146-2008, SECTION 750, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 16. (a) For the purpose of raising money to carry out this chapter or IC 36-7-15.3, the city-county legislative body may levy each year a special tax upon all property in the redevelopment district. The tax so levied each year shall be certified to the fiscal officers of the city and the county before ~~September 2~~ **November 1** of each year. The tax shall be estimated and entered upon the tax duplicates by the county auditor, and shall be collected and enforced by the county treasurer in the same manner as state and county taxes are estimated, entered, collected, and enforced.

(b) As the tax is collected by the county treasurer, it shall be accumulated and kept in a separate fund to be known as the redevelopment district fund and shall be expended and applied only for the purposes of this chapter or IC 36-7-15.3.

(c) The amount of the special tax levy shall be based on the budget of the department but may not exceed one and sixty-seven hundredths cents ($0.0167) on each one hundred dollars ($100) of taxable valuation in the redevelopment district, except as otherwise provided in this chapter.

(d) The budgets and tax levies under this chapter are subject to review and modification in the manner prescribed by IC 36-3-6.

SECTION 118. IC 36-7-31.3-10, AS AMENDED BY P.L.182-2009(ss), SECTION 511, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 10. (a) A tax area must be established by resolution. A resolution establishing a tax area must provide for the allocation of covered taxes attributable to a taxable

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event or covered taxes earned in the tax area to the professional sports and convention development area fund established for the city or county. The allocation provision must apply to the entire tax area. ~~However, for all tax areas located in a county having a population of more than three hundred thousand (300,000) but less than four hundred thousand (400,000),~~ **The following apply to Allen County:**

(1) The fund required by this subsection is the coliseum professional sports and convention development area fund. This fund shall be administered by the Allen County Memorial Coliseum board of trustees.

(2) The allocation each year must be as follows:

~~(1)~~ **(A)** The first two million six hundred thousand dollars ($2,600,000) shall be transferred to the county treasurer for deposit in the ~~supplemental~~ coliseum ~~improvement~~ **professional sports and convention development area** fund.

~~(2)~~ **(B)** The remaining amount shall be transferred to the treasurer of the joint county-city capital improvement board in the county.

The resolution must provide the tax area terminates not later than December 31, 2027.

(b) In addition to subsection (a), all of the salary, wages, bonuses, and other compensation that are:

(1) paid during a taxable year to a professional athlete for professional athletic services;

(2) taxable in Indiana; and

(3) earned in the tax area;

shall be allocated to the tax area if the professional athlete is a member of a team that plays the majority of the professional athletic events that the team plays in Indiana in the tax area.

(c) For a tax area that is:

(1) not located in a county having a population of more than three hundred thousand (300,000) but less than four hundred thousand (400,000); and

(2) not located in a city having a population of more than one hundred ~~five~~ thousand ~~(105,000) and~~ **(100,000) but** less than one hundred ~~twenty~~ **ten** thousand ~~(120,000);~~ **(110,000);**

the total amount of state revenue captured by the tax area may not exceed five dollars ($5) per resident of the city or county per year for twenty (20) consecutive years.

(d) For a tax area that is located in a city having a population of more than one hundred ~~five~~ thousand ~~(105,000) and~~ **(100,000) but** less than one hundred ~~twenty~~ **ten** thousand ~~(120,000),~~ **(110,000),** the total

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amount of state revenue captured by the tax area may not exceed six dollars and fifty cents ($6.50) per resident of the city per year for twenty (20) consecutive years.

(e) The resolution establishing the tax area must designate the facility or proposed facility and the facility site for which the tax area is established.

(f) The department may adopt rules under IC 4-22-2 and guidelines to govern the allocation of covered taxes to a tax area.

SECTION 119. IC 36-7-37.2 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]:

Chapter 37.2. Residential Historic Rehabilitation Grant Program

Sec. 1. This chapter applies to any county (in the case of the unincorporated area of the county), city, or town in which a Section 42 of the Internal Revenue Code low income housing tax credit property is located.

Sec. 2. The definitions set forth in IC 6-3.1-22 apply throughout this chapter.

Sec. 3. (a) The fiscal body of a county, city, or town may adopt an ordinance to establish a residential historic rehabilitation grant program.

(b) The grant program shall be administered by the redevelopment commission of the county, city, or town.

(c) Grants may be made only to pay for qualified expenditures of a taxpayer that qualifies for a residential historic rehabilitation income tax credit under IC 6-3.1-22.

(d) A redevelopment commission may require a taxpayer to apply for a grant on a form prescribed by the redevelopment commission.

Sec. 4. (a) If the fiscal body of a county, city, or town adopts an ordinance to establish a residential historic rehabilitation grant program, the fiscal body shall also establish a residential historic rehabilitation grant fund.

(b) The fund consists of money attributable to the increment determined under section 5 of this chapter. Interest earned on money in the fund shall be credited to the fund.

(c) Money in the fund must be appropriated by the county's, city's, or town's fiscal body before the money may be used to provide a grant under this chapter.

Sec. 5. (a) If the fiscal body of a county, city, or town adopts an ordinance to establish a residential historic rehabilitation grant

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program, the auditor of the county shall determine the amount of property taxes attributable to any increase in the assessed value of each low income housing tax credit property located in the unincorporated area of the county, city, or town as a result of considering the value of federal income tax credits awarded under Section 42 of the Internal Revenue Code after December 31, 2012, in determining the assessed value of low income housing tax credit property as provided in IC 6-1.1-4-40.

(b) The amount of property taxes determined under subsection (a) shall be treated as a property tax levy separate from the county's, city's, or town's property tax levy and in the same manner as if the amount were a tax increment finance levy for the redevelopment commission.

(c) The amount of property taxes determined under this section shall be deposited in the county's, city's, or town's residential historic rehabilitation grant fund.

SECTION 120. IC 36-8-15-19, AS AMENDED BY P.L.182-2009(ss), SECTION 440, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 19. (a) This subsection applies to a county that has a population of more than one hundred ~~eighty-two~~ **eighty-five** thousand ~~seven hundred ninety (182,790)~~ **(185,000)** but less than two hundred **fifty** thousand ~~(200,000).~~ **(250,000).** For the purpose of raising money to fund the operation of the district, the county fiscal body may impose, for property taxes first due and payable during each year after the adoption of an ordinance establishing the district, an ad valorem property tax levy on property within the district. The property tax rate for that levy may not exceed five cents ($0.05) on each one hundred dollars ($100) of assessed valuation.

(b) This subsection applies to a county having a consolidated city. The county fiscal body may elect to fund the operation of the district from part of the certified distribution, if any, that the county is to receive during a particular calendar year under IC 6-3.5-6-17. To make such an election, the county fiscal body must adopt an ordinance before ~~September~~ **November** 1 of the immediately preceding calendar year. The county fiscal body must specify in the ordinance the amount of the certified distribution that is to be used to fund the operation of the district. If the county fiscal body adopts such an ordinance, it shall immediately send a copy of the ordinance to the county auditor.

(c) Subject to subsections (d), (e), and (f), if an ordinance or resolution is adopted changing the territory covered by the district or the number of public agencies served by the district, the department of

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local government finance shall, for property taxes first due and payable during the year after the adoption of the ordinance, adjust the maximum permissible ad valorem property tax levy limits of the district and the units participating in the district.

(d) If a unit by ordinance or resolution joins the district or elects to have its public safety agencies served by the district, the department of local government finance shall reduce the maximum permissible ad valorem property tax levy of the unit for property taxes first due and payable during the year after the adoption of the ordinance or resolution. The reduction shall be based on the amount budgeted by the unit for public safety communication services in the year in which the ordinance was adopted. If such an ordinance or resolution is adopted, the district shall refer its proposed budget, ad valorem property tax levy, and property tax rate for the following year to the department of local government finance, which shall review and set the budget, levy, and rate as though the district were covered by IC 6-1.1-18.5-7.

(e) If a unit by ordinance or resolution withdraws from the district or rescinds its election to have its public safety agencies served by the district, the department of local government finance shall reduce the maximum permissible ad valorem property tax levy of the district for property taxes first due and payable during the year after the adoption of the ordinance or resolution. The reduction shall be based on the amounts being levied by the district within that unit. If such an ordinance or resolution is adopted, the unit shall refer its proposed budget, ad valorem property tax levy, and property tax rate for public safety communication services to the department of local government finance, which shall review and set the budget, levy, and rate as though the unit were covered by IC 6-1.1-18.5-7.

(f) The adjustments provided for in subsections (c), (d), and (e) do not apply to a district or unit located in a particular county if the county fiscal body of that county does not impose an ad valorem property tax levy under subsection (a) to fund the operation of the district.

(g) A county that has adopted an ordinance under section 1(3) of this chapter may not impose an ad valorem property tax levy on property within the district to fund the operation or implementation of the district.

SECTION 121. IC 36-9-4-42 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 42. (a) A municipality or a public transportation corporation that expends money for the establishment or maintenance of an urban mass transportation system under this chapter may acquire the money for these expenditures:

(1) by issuing bonds under section 43 or 44 of this chapter;

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(2) by borrowing money made available for such purposes by any source;

(3) by accepting grants or contributions made available for such purposes by any source;

(4) in the case of a municipality, by appropriation from the general fund of the municipality, or from a special fund that the municipal legislative body includes in the municipality's budget; or

(5) in the case of a public transportation corporation, by levying a tax under section 49 of this chapter or by recommending an election to use revenue from the county option income taxes, as provided in subsection (c).

(b) Money may be acquired under this section for the purpose of exercising any of the powers granted by or incidental to this chapter, including:

(1) studies under section 4, 9, or 11 of this chapter;

(2) grants in aid;

(3) the purchase of buses or real property by a municipality for lease to an urban mass transportation system, including the payment of any amount outstanding under a mortgage, contract of sale, or other security device that may attach to the buses or real property;

(4) the acquisition by a public transportation corporation of property of an urban mass transportation system, including the payment of any amount outstanding under a mortgage, contract of sale, or other security device that may attach to the property;

(5) the operation of an urban mass transportation system by a public transportation corporation, including the acquisition of additional property for such a system; and

(6) the retirement of bonds issued and outstanding under this chapter.

(c) This subsection applies only to a public transportation corporation located in a county having a consolidated city. In order to provide revenue to a public transportation corporation during a year, the public transportation corporation board may recommend and the county fiscal body may elect to provide revenue to the corporation from part of the certified distribution, if any, that the county is to receive during that same year under IC 6-3.5-6-17. To make the election, the county fiscal body must adopt an ordinance before ~~September~~ **November** 1 of the preceding year. The county fiscal body must specify in the ordinance the amount of the certified distribution that is to be used to provide revenue to the corporation. If such an ordinance

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is adopted, the county fiscal body shall immediately send a copy of the ordinance to the county auditor.

SECTION 122. [EFFECTIVE JULY 1, 2013] **(a) The executive of either of the following townships may, upon approval by the township fiscal body, submit a petition to the department of local government finance for an increase in the maximum permissible ad valorem property tax levy under IC 36-8-13 (for township fire protection and emergency services) for property taxes first due and payable in 2013:**

(1) Barkley Township in Jasper County.

(2) Union Township in Jasper County.

(b) The department of local government finance shall increase the maximum permissible ad valorem property tax levy under IC 36-8-13 for a township that submits a petition under this SECTION by the lesser of:

(1) the amount of the increase requested in the petition; or

(2) the amount necessary to increase the township's maximum permissible ad valorem property tax levy under IC 36-8-13 for property taxes first due and payable in 2013 to the amount of the township's maximum permissible ad valorem property tax levy under IC 36-8-13 that applied to taxes first due and payable in 2003.

(c) A township's maximum permissible ad valorem property tax levy under IC 36-8-13 for property taxes first due and payable in 2013, as adjusted under this SECTION, shall be used in the determination of the township's maximum permissible ad valorem property tax levy under IC 36-8-13 for property taxes first due and payable in 2014 and thereafter.

(d) This SECTION expires January 1, 2015.

SECTION 123. [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] **(a) IC 6-1.1-12-26.1, as added by this act, applies to property taxes first due and payable after 2012. A deduction statement filed before September 1, 2012, under IC 6-1.1-12-27.1, as amended by this act, is considered timely filed for purposes of obtaining the deduction under IC 6-1.1-12-26.1, as added by this act, in 2012 for property taxes first due and payable in 2013.**

(b) This SECTION expires January 1, 2014.

SECTION 124. [EFFECTIVE JANUARY 1, 2013] **(a) IC 6-2.3-4-7, as added by this act, applies to taxable years beginning after December 31, 2012.**

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(b) This SECTION expires January 1, 2015.".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1072 as reprinted January 28, 2012.)

HERSHMAN, Chairperson

Committee Vote: Yeas 8, Nays 4.

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