

HOUSE BILL No. 1213

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.5-7.

Synopsis: Starke County CEDIT for jail. Allows the county council of Starke County to adopt an ordinance imposing an additional county economic development income tax (CEDIT) 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. Authorizes bonds to be issued or leases to be entered into for constructing, acquiring, and equipping the county jail and related buildings and parking facilities. Specifies that the additional tax rate may not exceed the lesser of: (1) 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 and (if the county council makes a determination to use the tax revenue for this purpose) to provide sufficient annual revenues to operate and maintain those facilities. Changes certain population parameters in the CEDIT statutes to reflect the new population counts determined under the 2010 decennial census.

Effective: Upon passage.

Gutwein, Dermody, Dembowski

January 9, 2012, read first time and referred to Committee on Ways and Means.

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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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HOUSE BILL No. 1213



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

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

1 SECTION 1. IC 6-3.5-7-5, AS AMENDED BY P.L.199-2011,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 5. (a) Except as provided in subsection (c),
4 the county economic development income tax may be imposed on the
5 adjusted gross income of county taxpayers. The entity that may impose
6 the tax is:
7 (1) the county income tax council (as defined in IC 6-3.5-6-1) if
8 the county option income tax is in effect on March 31 of the year
9 the county economic development income tax is imposed;
10 (2) the county council if the county adjusted gross income tax is
11 in effect on March 31 of the year the county economic
12 development tax is imposed; or
13 (3) the county income tax council or the county council,
14 whichever acts first, for a county not covered by subdivision (1)
15 or (2).
16 To impose the county economic development income tax, a county
17 income tax council shall use the procedures set forth in IC 6-3.5-6



1 concerning the imposition of the county option income tax.

2 (b) Except as provided in subsections (c), (g), (k), (p), and (r) and
3 section 28 of this chapter, the county economic development income
4 tax may be imposed at a rate of:

- 5 (1) one-tenth percent (0.1%);
6 (2) two-tenths percent (0.2%);
7 (3) twenty-five hundredths percent (0.25%);
8 (4) three-tenths percent (0.3%);
9 (5) thirty-five hundredths percent (0.35%);
10 (6) four-tenths percent (0.4%);
11 (7) forty-five hundredths percent (0.45%); or
12 (8) five-tenths percent (0.5%);

13 on the adjusted gross income of county taxpayers.

14 (c) Except as provided in subsection (h), (i), (j), (k), (l), (m), (n), (o),
15 (p), (s), (v), (w), (x), ~~or (y)~~, **or (aa)**, the county economic development
16 income tax rate plus the county adjusted gross income tax rate, if any,
17 that are in effect on January 1 of a year may not exceed one and
18 twenty-five hundredths percent (1.25%). Except as provided in
19 subsection (g), (p), (r), (t), (u), (w), (x), or (y), the county economic
20 development tax rate plus the county option income tax rate, if any, that
21 are in effect on January 1 of a year may not exceed one percent (1%).

22 (d) To impose, increase, decrease, or rescind the county economic
23 development income tax, the appropriate body must adopt an
24 ordinance.

25 (e) The ordinance to impose the tax must substantially state the
26 following:

27 "The _____ County _____ imposes the county economic
28 development income tax on the county taxpayers of _____
29 County. The county economic development income tax is imposed at
30 a rate of _____ percent (____%) on the county taxpayers of the
31 county."

32 (f) The auditor of a county shall record all votes taken on ordinances
33 presented for a vote under the authority of this chapter and shall, not
34 more than ten (10) days after the vote, send a certified copy of the
35 results to the commissioner of the department by certified mail.

36 (g) This subsection applies to a county having a population of more
37 than one hundred ~~forty-eight~~ **seventy** thousand (~~148,000~~) (**170,000**) but
38 less than one hundred ~~seventy~~ **seventy-five** thousand (~~170,000~~):
39 (**175,000**). Except as provided in subsection (p), in addition to the rates
40 permitted by subsection (b), the:

- 41 (1) county economic development income tax may be imposed at
42 a rate of:

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- 1 (A) fifteen-hundredths percent (0.15%);
 2 (B) two-tenths percent (0.2%); or
 3 (C) twenty-five hundredths percent (0.25%); and
 4 (2) county economic development income tax rate plus the county
 5 option income tax rate that are in effect on January 1 of a year
 6 may equal up to one and twenty-five hundredths percent (1.25%);
 7 if the county income tax council makes a determination to impose rates
 8 under this subsection and section 22 of this chapter.
- 9 (h) For a county having a population of more than ~~forty-one~~
 10 **forty-two** thousand ~~(41,000)~~ **three hundred (42,300)** but less than
 11 forty-three thousand (43,000), except as provided in subsection (p), the
 12 county economic development income tax rate plus the county adjusted
 13 gross income tax rate that are in effect on January 1 of a year may not
 14 exceed one and thirty-five hundredths percent (1.35%) if the county has
 15 imposed the county adjusted gross income tax at a rate of one and
 16 one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.
- 17 (i) For a county having a population of more than thirteen thousand
 18 ~~five hundred (13,500)~~ **(13,000)** but less than fourteen thousand
 19 (14,000), except as provided in subsection (p), the county economic
 20 development income tax rate plus the county adjusted gross income tax
 21 rate that are in effect on January 1 of a year may not exceed one and
 22 fifty-five hundredths percent (1.55%).
- 23 (j) For a county having a population of more than ~~seventy-one~~
 24 **sixty-eight** thousand ~~(71,000)~~ **nine hundred (68,900)** but less than
 25 ~~seventy-one~~ ~~seventy~~ thousand ~~four hundred (71,400); (70,000)~~, except
 26 as provided in subsection (p), the county economic development
 27 income tax rate plus the county adjusted gross income tax rate that are
 28 in effect on January 1 of a year may not exceed one and five-tenths
 29 percent (1.5%).
- 30 (k) This subsection applies to a county having a population of more
 31 than ~~twenty-seven~~ ~~twenty-six~~ thousand ~~four hundred (27,400)~~ **(26,000)**
 32 but less than ~~twenty-seven~~ ~~twenty-six~~ thousand five hundred ~~(27,500);~~
 33 **(26,500)**. Except as provided in subsection (p), in addition to the rates
 34 permitted under subsection (b):
 35 (1) the county economic development income tax may be imposed
 36 at a rate of twenty-five hundredths percent (0.25%); and
 37 (2) the sum of the county economic development income tax rate
 38 and the county adjusted gross income tax rate that are in effect on
 39 January 1 of a year may not exceed one and five-tenths percent
 40 (1.5%);
 41 if the county council makes a determination to impose rates under this
 42 subsection and section 22.5 of this chapter.

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1 (l) For a county having a population of more than ~~twenty-nine~~ **thirty**
 2 thousand ~~(29,000)~~ **(30,000)** but less than ~~thirty~~ **thirty-two** thousand
 3 ~~(30,000)~~; **(32,000)**, except as provided in subsection (p), the county
 4 economic development income tax rate plus the county adjusted gross
 5 income tax rate that are in effect on January 1 of a year may not exceed
 6 one and five-tenths percent (1.5%).

7 (m) For:

8 (1) a county having a population of more than one hundred
 9 ~~eighty-two~~ **eighty-five** thousand ~~seven hundred ninety~~ **(182,790)**
 10 **(185,000)** but less than two hundred ~~fifty~~ thousand ~~(200,000)~~;
 11 **(250,000)**; or

12 (2) a county having a population of more than ~~forty-five~~
 13 **forty-seven** thousand ~~(45,000)~~ **(47,000)** but less than ~~forty-five~~
 14 **forty-seven** thousand ~~nine five hundred~~ **(45,900)**; **(47,500)**;
 15 except as provided in subsection (p), the county economic development
 16 income tax rate plus the county adjusted gross income tax rate that are
 17 in effect on January 1 of a year may not exceed one and five-tenths
 18 percent (1.5%).

19 (n) For a county having a population of more than ~~six~~ **seven**
 20 thousand ~~(6,000)~~ **(7,000)** but less than eight thousand (8,000), except
 21 as provided in subsection (p), the county economic development
 22 income tax rate plus the county adjusted gross income tax rate that are
 23 in effect on January 1 of a year may not exceed one and five-tenths
 24 percent (1.5%).

25 (o) This subsection applies to a county having a population of more
 26 than ~~thirty-nine~~ **thirty-eight** thousand ~~(39,000)~~ **two hundred (38,200)**
 27 but less than ~~thirty-nine~~ **thirty-eight** thousand ~~six five hundred~~
 28 ~~(39,600)~~; **(38,500)**. Except as provided in subsection (p), in addition to
 29 the rates permitted under subsection (b):

30 (1) the county economic development income tax may be imposed
 31 at a rate of twenty-five hundredths percent (0.25%); and

32 (2) the sum of the county economic development income tax rate
 33 and:

34 (A) the county adjusted gross income tax rate that are in effect
 35 on January 1 of a year may not exceed one and five-tenths
 36 percent (1.5%); or

37 (B) the county option income tax rate that are in effect on
 38 January 1 of a year may not exceed one and twenty-five
 39 hundredths percent (1.25%);

40 if the county council makes a determination to impose rates under this
 41 subsection and section 24 of this chapter.

42 (p) In addition:

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1 (1) the county economic development income tax may be imposed
 2 at a rate that exceeds by not more than twenty-five hundredths
 3 percent (0.25%) the maximum rate that would otherwise apply
 4 under this section; and

5 (2) the:

6 (A) county economic development income tax; and

7 (B) county option income tax or county adjusted gross income
 8 tax;

9 may be imposed at combined rates that exceed by not more than
 10 twenty-five hundredths percent (0.25%) the maximum combined
 11 rates that would otherwise apply under this section.

12 However, the additional rate imposed under this subsection may not
 13 exceed the amount necessary to mitigate the increased ad valorem
 14 property taxes on homesteads (as defined in IC 6-1.1-20.9-1 (**repealed**)
 15 before January 1, 2009, or IC 6-1.1-12-37 after December 31, 2008) or
 16 residential property (as defined in section 26 of this chapter), as
 17 appropriate under the ordinance adopted by the adopting body in the
 18 county, resulting from the deduction of the assessed value of inventory
 19 in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42 or from the
 20 exclusion in 2008 of inventory from the definition of personal property
 21 in IC 6-1.1-1-11.

22 (q) If the county economic development income tax is imposed as
 23 authorized under subsection (p) at a rate that exceeds the maximum
 24 rate that would otherwise apply under this section, the certified
 25 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
 27 from the difference between:

28 (1) the actual county economic development tax rate; and

29 (2) the maximum rate that would otherwise apply under this
 30 section.

31 (r) This subsection applies only to a county described in section 27
 32 of this chapter. Except as provided in subsection (p), in addition to the
 33 rates permitted by subsection (b), the:

34 (1) county economic development income tax may be imposed at
 35 a rate of twenty-five hundredths percent (0.25%); and

36 (2) county economic development income tax rate plus the county
 37 option income tax rate that are in effect on January 1 of a year
 38 may equal up to one and twenty-five hundredths percent (1.25%);
 39 if the county council makes a determination to impose rates under this
 40 subsection and section 27 of this chapter.

41 (s) Except as provided in subsection (p), the county economic
 42 development income tax rate plus the county adjusted gross income tax

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1 rate that are in effect on January 1 of a year may not exceed one and
 2 five-tenths percent (1.5%) if the county has imposed the county
 3 adjusted gross income tax under IC 6-3.5-1.1-3.3.

4 (t) This subsection applies to Howard County. Except as provided
 5 in subsection (p), the sum of the county economic development income
 6 tax rate and the county option income tax rate that are in effect on
 7 January 1 of a year may not exceed one and twenty-five hundredths
 8 percent (1.25%).

9 (u) This subsection applies to Scott County. Except as provided in
 10 subsection (p), the sum of the county economic development income
 11 tax rate and the county option income tax rate that are in effect on
 12 January 1 of a year may not exceed one and twenty-five hundredths
 13 percent (1.25%).

14 (v) This subsection applies to Jasper County. Except as provided in
 15 subsection (p), the sum of the county economic development income
 16 tax rate and the county adjusted gross income tax rate that are in effect
 17 on January 1 of a year may not exceed one and five-tenths percent
 18 (1.5%).

19 (w) An additional county economic development income tax rate
 20 imposed under section 28 of this chapter may not be considered in
 21 calculating any limit under this section on the sum of:

- 22 (1) the county economic development income tax rate plus the
 23 county adjusted gross income tax rate; or
- 24 (2) the county economic development tax rate plus the county
 25 option income tax rate.

26 (x) The income tax rate limits imposed by subsection (c) or (y) or
 27 any other provision of this chapter do not apply to:

- 28 (1) a county adjusted gross income tax rate imposed under
 29 IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26; or
- 30 (2) a county option income tax rate imposed under IC 6-3.5-6-30,
 31 IC 6-3.5-6-31, or IC 6-3.5-6-32.

32 For purposes of computing the maximum combined income tax rate
 33 under subsection (c) or (y) or any other provision of this chapter that
 34 may be imposed in a county under IC 6-3.5-1.1, IC 6-3.5-6, and this
 35 chapter, a county's county adjusted gross income tax rate or county
 36 option income tax rate for a particular year does not include the county
 37 adjusted gross income tax rate imposed under IC 6-3.5-1.1-24,
 38 IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26 or the county option income tax rate
 39 imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.

40 (y) This subsection applies to Monroe County. Except as provided
 41 in subsection (p), if an ordinance is adopted under IC 6-3.5-6-33, the
 42 sum of the county economic development income tax rate and the

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1 county option income tax rate that are in effect on January 1 of a year
2 may not exceed one and twenty-five hundredths percent (1.25%).

3 (z) This subsection applies to Perry County. Except as provided in
4 subsection (p), if an ordinance is adopted under section 27.5 of this
5 chapter, the county economic development income tax rate plus the
6 county option income tax rate that is in effect on January 1 of a year
7 may not exceed one and seventy-five hundredths percent (1.75%).

8 **(aa) This subsection applies to Starke County. Except as
9 provided in subsection (p), if an ordinance is adopted under section
10 27.6 of this chapter, the county economic development income tax
11 rate plus the county adjusted gross income tax rate that is in effect
12 on January 1 of a year may not exceed two percent (2%).**

13 SECTION 2. IC 6-3.5-7-12, AS AMENDED BY P.L.199-2011,
14 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
15 UPON PASSAGE]: Sec. 12. (a) Except as provided in sections 23, 25,
16 26, 27, 27.5, **27.6**, and 28 of this chapter, the county auditor shall
17 distribute in the manner specified in this section the certified
18 distribution to the county.

19 (b) Except as provided in subsections (c) and (h) and sections 15
20 and 25 of this chapter, and subject to adjustment as provided in
21 IC 36-8-19-7.5, the amount of the certified distribution that the county
22 and each city or town in a county is entitled to receive during May and
23 November of each year equals the product of the following:

24 (1) The amount of the certified distribution for that month;
25 multiplied by

26 (2) A fraction. The numerator of the fraction equals the sum of:

27 (A) total property taxes that are first due and payable to the
28 county, city, or town during the calendar year in which the
29 month falls; plus

30 (B) for a county, the welfare allocation amount.

31 The denominator of the fraction equals the sum of the total
32 property taxes that are first due and payable to the county and all
33 cities and towns of the county during the calendar year in which
34 the month falls, plus the welfare allocation amount. The welfare
35 allocation amount is an amount equal to the sum of the property
36 taxes imposed by the county in 1999 for the county's welfare fund
37 and welfare administration fund and, if the county received a
38 certified distribution under this chapter in 2008, the property
39 taxes imposed by the county in 2008 for the county's county
40 medical assistance to wards fund, family and children's fund,
41 children's psychiatric residential treatment services fund, county
42 hospital care for the indigent fund, and children with special

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1 health care needs county fund.

2 (c) This subsection applies to a county council or county income tax
3 council that imposes a tax under this chapter after June 1, 1992. The
4 body imposing the tax may adopt an ordinance before August 2 of a
5 year to provide for the distribution of certified distributions under this
6 subsection instead of a distribution under subsection (b). The following
7 apply if an ordinance is adopted under this subsection:

8 (1) The ordinance is effective January 1 of the following year.

9 (2) Except as provided in sections 25 and 26 of this chapter, the
10 amount of the certified distribution that the county and each city
11 and town in the county is entitled to receive during May and
12 November of each year equals the product of:

13 (A) the amount of the certified distribution for the month;
14 multiplied by

15 (B) a fraction. For a city or town, the numerator of the fraction
16 equals the population of the city or the town. For a county, the
17 numerator of the fraction equals the population of the part of
18 the county that is not located in a city or town. The
19 denominator of the fraction equals the sum of the population
20 of all cities and towns located in the county and the population
21 of the part of the county that is not located in a city or town.

22 (3) The ordinance may be made irrevocable for the duration of
23 specified lease rental or debt service payments.

24 (d) The body imposing the tax may not adopt an ordinance under
25 subsection (c) if, before the adoption of the proposed ordinance, any of
26 the following have pledged the county economic development income
27 tax for any purpose permitted by IC 5-1-14 or any other statute:

28 (1) The county.

29 (2) A city or town in the county.

30 (3) A commission, a board, a department, or an authority that is
31 authorized by statute to pledge the county economic development
32 income tax.

33 (e) The department of local government finance shall provide each
34 county auditor with the fractional amount of the certified distribution
35 that the county and each city or town in the county is entitled to receive
36 under this section.

37 (f) Money received by a county, city, or town under this section
38 shall be deposited in the unit's economic development income tax fund.

39 (g) Except as provided in subsection (b)(2)(B), in determining the
40 fractional amount of the certified distribution the county and its cities
41 and towns are entitled to receive under subsection (b) during a calendar
42 year, the department of local government finance shall consider only

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1 property taxes imposed on tangible property subject to assessment in
2 that county.

3 (h) In a county having a consolidated city, only the consolidated city
4 is entitled to the certified distribution, subject to the requirements of
5 sections 15, 25, and 26 of this chapter.

6 SECTION 3. IC 6-3.5-7-13.1, AS AMENDED BY P.L.199-2011,
7 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
8 UPON PASSAGE]: Sec. 13.1. (a) The fiscal officer of each county,
9 city, or town for a county in which the county economic development
10 tax is imposed shall establish an economic development income tax
11 fund. Except as provided in sections 23, 25, 26, 27, ~~and 27.5~~, **and 27.6**
12 of this chapter, the revenue received by a county, city, or town under
13 this chapter shall be deposited in the unit's economic development
14 income tax fund.

15 (b) As used in this subsection, "homestead" means a homestead that
16 is eligible for a standard deduction under IC 6-1.1-12-37. Except as
17 provided in sections 15, 23, 25, 26, 27, ~~and 27.5~~, **and 27.6** of this
18 chapter, revenues from the county economic development income tax
19 may be used as follows:

20 (1) By a county, city, or town for economic development projects,
21 for paying, notwithstanding any other law, under a written
22 agreement all or a part of the interest owed by a private developer
23 or user on a loan extended by a financial institution or other
24 lender to the developer or user if the proceeds of the loan are or
25 are to be used to finance an economic development project, for
26 the retirement of bonds under section 14 of this chapter for
27 economic development projects, for leases under section 21 of
28 this chapter, or for leases or bonds entered into or issued prior to
29 the date the economic development income tax was imposed if
30 the purpose of the lease or bonds would have qualified as a
31 purpose under this chapter at the time the lease was entered into
32 or the bonds were issued.

33 (2) By a county, city, or town for:

34 (A) the construction or acquisition of, or remedial action with
35 respect to, a capital project for which the unit is empowered to
36 issue general obligation bonds or establish a fund under any
37 statute listed in IC 6-1.1-18.5-9.8;

38 (B) the retirement of bonds issued under any provision of
39 Indiana law for a capital project;

40 (C) the payment of lease rentals under any statute for a capital
41 project;

42 (D) contract payments to a nonprofit corporation whose

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1 primary corporate purpose is to assist government in planning
 2 and implementing economic development projects;
 3 (E) operating expenses of a governmental entity that plans or
 4 implements economic development projects;
 5 (F) to the extent not otherwise allowed under this chapter,
 6 funding substance removal or remedial action in a designated
 7 unit; or
 8 (G) funding of a revolving fund established under
 9 IC 5-1-14-14.

10 (3) By a county, city, or town for any lawful purpose for which
 11 money in any of its other funds may be used.

12 (4) By a city or county described in IC 36-7.5-2-3(b) for making
 13 transfers required by IC 36-7.5-4-2. If the county economic
 14 development income tax rate is increased after April 30, 2005, in
 15 a county having a population of more than one hundred ~~forty-five~~
 16 **fifty** thousand ~~(145,000)~~ **(150,000)** but less than one hundred
 17 ~~forty-eight~~ **seventy** thousand ~~(148,000)~~; **(170,000)**, the first three
 18 million five hundred thousand dollars (\$3,500,000) of the tax
 19 revenue that results each year from the tax rate increase shall be
 20 used by the county or by eligible municipalities (as defined in
 21 IC 36-7.5-1-11.3) in the county only to make the county's transfer
 22 required by IC 36-7.5-4-2. The first three million five hundred
 23 thousand dollars (\$3,500,000) of the tax revenue that results each
 24 year from the tax rate increase shall be paid by the county
 25 treasurer to the treasurer of the northwest Indiana regional
 26 development authority under IC 36-7.5-4-2 before certified
 27 distributions are made to the county or any cities or towns in the
 28 county under this chapter from the tax revenue that results each
 29 year from the tax rate increase. If a county having a population of
 30 more than one hundred ~~forty-five~~ **fifty** thousand ~~(145,000)~~
 31 **(150,000)** but less than one hundred ~~forty-eight~~ **seventy** thousand
 32 ~~(148,000)~~ **(170,000)** ceases to be a member of the northwest
 33 Indiana regional development authority under IC 36-7.5 but two
 34 (2) or more municipalities in the county have become members
 35 of the northwest Indiana regional development authority as
 36 authorized by IC 36-7.5-2-3(i), the county treasurer shall continue
 37 to transfer the three million five hundred thousand dollars
 38 (\$3,500,000) to the treasurer of the northwest Indiana regional
 39 development authority under IC 36-7.5-4-2 before certified
 40 distributions are made to the county or any cities or towns in the
 41 county. In a county having a population of more than one hundred
 42 ~~forty-five~~ **fifty** thousand ~~(145,000)~~ **(150,000)** but less than one

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1 hundred ~~forty-eight~~ **seventy** thousand (~~148,000~~); **(170,000)**, all of
 2 the tax revenue that results each year from the tax rate increase
 3 that is in excess of the first three million five hundred thousand
 4 dollars (\$3,500,000) that results each year from the tax rate
 5 increase must be used by the county and cities and towns in the
 6 county for homestead credits under subdivision (5).
 7 (5) This subdivision applies only in a county having a population
 8 of more than one hundred ~~forty-five~~ **fifty** thousand (~~145,000~~)
 9 **(150,000)** but less than one hundred ~~forty-eight~~ **seventy** thousand
 10 (~~148,000~~); **(170,000)**. All of the tax revenue that results each year
 11 from a tax rate increase described in subdivision (4) that is in
 12 excess of the first three million five hundred thousand dollars
 13 (\$3,500,000) that results each year from the tax rate increase must
 14 be used by the county and cities and towns in the county for
 15 homestead credits under this subdivision. The following apply to
 16 homestead credits provided under this subdivision:
 17 (A) The homestead credits must be applied uniformly to
 18 provide a homestead credit for homesteads in the county, city,
 19 or town.
 20 (B) The homestead credits shall be treated for all purposes as
 21 property tax levies.
 22 (C) The homestead credits shall be applied to the net property
 23 taxes due on the homestead after the application of all other
 24 assessed value deductions or property tax deductions and
 25 credits that apply to the amount owed under IC 6-1.1.
 26 (D) The department of local government finance shall
 27 determine the homestead credit percentage for a particular
 28 year based on the amount of county economic development
 29 income tax revenue that will be used under this subdivision to
 30 provide homestead credits in that year.
 31 (6) This subdivision applies only in a county having a population
 32 of more than four hundred thousand (400,000) but less than seven
 33 hundred thousand (700,000). A county or a city or town in the
 34 county may use county economic development income tax
 35 revenue to provide homestead credits in the county, city, or town.
 36 The following apply to homestead credits provided under this
 37 subdivision:
 38 (A) The county, city, or town fiscal body must adopt an
 39 ordinance authorizing the homestead credits. The ordinance
 40 must specify the amount of county economic development
 41 income tax revenue that will be used to provide homestead
 42 credits in the following year.

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(B) A county, city, or town fiscal body that adopts an ordinance under this subdivision must forward a copy of the ordinance to the county auditor and the department of local government finance not more than thirty (30) days after the ordinance is adopted.

(C) The homestead credits must be applied uniformly to increase the homestead credit under IC 6-1.1-20.9 (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 county:

(A) ~~that if the county~~ has a population of more than one hundred ~~ten eleven~~ thousand (~~110,000~~) (**111,000**) but less than one hundred fifteen thousand (115,000); and

(B) in which:

(i) the county fiscal body has adopted an ordinance under IC 36-7.5-2-3(e) providing that the county is joining the northwest Indiana regional development authority; and

(ii) the fiscal body of the city described in IC 36-7.5-2-3(e) has adopted an ordinance under IC 36-7.5-2-3(e) providing that the city is joining the development authority.

Revenue from the county economic development income tax may be used by a county or a city described in this subdivision for making transfers required by IC 36-7.5-4-2. In addition, if the county economic development income tax rate is increased after June 30, 2006, in the county, the first three million five hundred

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1 thousand dollars (\$3,500,000) of the tax revenue that results each
 2 year from the tax rate increase shall be used by the county only to
 3 make the county's transfer required by IC 36-7.5-4-2. The first
 4 three million five hundred thousand dollars (\$3,500,000) of the
 5 tax revenue that results each year from the tax rate increase shall
 6 be paid by the county treasurer to the treasurer of the northwest
 7 Indiana regional development authority under IC 36-7.5-4-2
 8 before certified distributions are made to the county or any cities
 9 or towns in the county under this chapter from the tax revenue
 10 that results each year from the tax rate increase. All of the tax
 11 revenue that results each year from the tax rate increase that is in
 12 excess of the first three million five hundred thousand dollars
 13 (\$3,500,000) that results each year from the tax rate increase must
 14 be used by the county and cities and towns in the county for
 15 homestead credits under subdivision (9).

16 (9) This subdivision applies only to a county described in
 17 subdivision (8). All of the tax revenue that results each year from
 18 a tax rate increase described in subdivision (8) that is in excess of
 19 the first three million five hundred thousand dollars (\$3,500,000)
 20 that results each year from the tax rate increase must be used by
 21 the county and cities and towns in the county for homestead
 22 credits under this subdivision. The following apply to homestead
 23 credits provided under this subdivision:

24 (A) The homestead credits must be applied uniformly to
 25 provide a homestead credit for homesteads in the county, city,
 26 or town.

27 (B) The homestead credits shall be treated for all purposes as
 28 property tax levies.

29 (C) The homestead credits shall be applied to the net property
 30 taxes due on the homestead after the application of all other
 31 assessed value deductions or property tax deductions and
 32 credits that apply to the amount owed under IC 6-1.1.

33 (D) The department of local government finance shall
 34 determine the homestead credit percentage for a particular
 35 year based on the amount of county economic development
 36 income tax revenue that will be used under this subdivision to
 37 provide homestead credits in that year.

38 (c) As used in this section, an economic development project is any
 39 project that:

40 (1) the county, city, or town determines will:

41 (A) promote significant opportunities for the gainful
 42 employment of its citizens;

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- 1 (B) attract a major new business enterprise to the unit; or
- 2 (C) retain or expand a significant business enterprise within
- 3 the unit; and
- 4 (2) involves an expenditure for:
- 5 (A) the acquisition of land;
- 6 (B) interests in land;
- 7 (C) site improvements;
- 8 (D) infrastructure improvements;
- 9 (E) buildings;
- 10 (F) structures;
- 11 (G) rehabilitation, renovation, and enlargement of buildings
- 12 and structures;
- 13 (H) machinery;
- 14 (I) equipment;
- 15 (J) furnishings;
- 16 (K) facilities;
- 17 (L) administrative expenses associated with such a project,
- 18 including contract payments authorized under subsection
- 19 (b)(2)(D);
- 20 (M) operating expenses authorized under subsection (b)(2)(E);
- 21 or
- 22 (N) to the extent not otherwise allowed under this chapter,
- 23 substance removal or remedial action in a designated unit;
- 24 or any combination of these.

25 (d) If there are bonds outstanding that have been issued under
 26 section 14 of this chapter or leases in effect under section 21 of this
 27 chapter, a county, city, or town may not expend money from its
 28 economic development income tax fund for a purpose authorized under
 29 subsection (b)(3) in a manner that would adversely affect owners of the
 30 outstanding bonds or payment of any lease rentals due.

31 SECTION 4. IC 6-3.5-7-27.6 IS ADDED TO THE INDIANA
 32 CODE AS A NEW SECTION TO READ AS FOLLOWS
 33 [EFFECTIVE UPON PASSAGE]: **Sec. 27.6. (a) This section applies**
 34 **to Starke County.**

35 **(b) Starke County possesses unique governmental and economic**
 36 **development challenges due to:**

- 37 **(1) the county's predominantly rural geography, demography,**
- 38 **and economy;**
- 39 **(2) the county's relatively low tax base and relatively high**
- 40 **property tax rates;**
- 41 **(3) the current maximum capacity of the county jail, which**
- 42 **was constructed in 1976; and**

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1 **(4) pending federal class action litigation seeking a mandate**
 2 **to address capacity and living conditions in the county jail.**
 3 **The use of county economic development income tax revenue**
 4 **under this section is necessary for the county to address jail**
 5 **capacity and appropriate inmate living conditions and to maintain**
 6 **low property tax rates essential to economic development. The use**
 7 **of the economic development income tax revenue under this section**
 8 **for the purposes described in subsections (c) and (d) promotes that**
 9 **purpose.**
 10 **(c) The county council may, by ordinance, determine that**
 11 **additional county economic development income tax revenue is**
 12 **needed in the county to:**
 13 **(1) finance, construct, acquire, and equip the county jail and**
 14 **related buildings and parking facilities, including costs related**
 15 **to the demolition of existing buildings, the acquisition of land,**
 16 **and any other reasonably related costs; and**
 17 **(2) repay bonds issued or leases entered into for constructing,**
 18 **acquiring, and equipping the county jail and related buildings**
 19 **and parking facilities, including costs related to the demolition**
 20 **of existing buildings, the acquisition of land, and any other**
 21 **reasonably related costs.**
 22 **(d) The county council may, by ordinance, determine that**
 23 **additional county economic development income tax revenue is**
 24 **needed in the county to operate or maintain the facilities described**
 25 **in subsection (c)(1) that are located in the county. The county**
 26 **council may make a determination under this subsection and under**
 27 **subsection (c).**
 28 **(e) In addition to the rates permitted by section 5 of this**
 29 **chapter, the county council may, subject to subsections (f) and (g),**
 30 **impose the county economic development income tax at a rate not**
 31 **to exceed sixty-five hundredths percent (0.65%) on the adjusted**
 32 **gross income of county taxpayers if the county council:**
 33 **(1) makes the determination described in subsection (c); or**
 34 **(2) makes both the determination described in subsection (c)**
 35 **and the determination described in subsection (d).**
 36 **(f) If the county council makes only the determination under**
 37 **subsection (c), the county council may adopt a tax rate under**
 38 **subsection (e). The tax rate may not exceed the lesser of:**
 39 **(1) sixty-five hundredths percent (0.65%); or**
 40 **(2) the tax rate that is necessary to pay the costs of financing,**
 41 **acquiring, and equipping the county jail and related buildings**
 42 **and parking facilities, including costs related to the demolition**

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1 of existing buildings, the acquisition of land, and any other
2 reasonably related costs.

3 (g) If the county council makes both the determination under
4 subsection (c) and the determination under subsection (d), the
5 county council may adopt a tax rate under subsection (e). The tax
6 rate may not exceed the lesser of:

- 7 (1) sixty-five hundredths percent (0.65%); or
- 8 (2) the tax rate that is necessary to:
 - 9 (A) pay the costs of financing, acquiring, and equipping the
 - 10 county jail and related buildings and parking facilities,
 - 11 including costs related to the demolition of existing
 - 12 buildings, the acquisition of land, and any other reasonably
 - 13 related costs; and
 - 14 (B) provide sufficient annual revenues to operate and
 - 15 maintain the facilities described in subsection (c)(1).

16 (h) A tax rate imposed under this section may be imposed only
17 until the later of:

- 18 (1) the date on which the last of any bonds issued or leases
- 19 entered into to finance the facilities are fully paid; or
- 20 (2) the date on which the ordinance under subsection (c) or (d)
- 21 is repealed or rescinded.

22 The term of the bonds issued (including any refunding bonds) or a
23 lease entered into under subsection (c)(2) may not exceed
24 twenty-five (25) years.

25 (i) The county treasurer shall establish a county jail revenue
26 fund to be used only for the purposes described in this section.
27 County economic development income tax revenues derived from
28 the tax rate imposed under this section shall be deposited in the
29 county jail revenue fund before making a certified distribution
30 under section 11 of this chapter.

31 (j) County economic development income tax revenues derived
32 from the tax rate imposed under this section:

- 33 (1) may be used only for the purposes described in this
- 34 section;
- 35 (2) may not be considered by the department of local
- 36 government finance in determining the county's maximum
- 37 permissible ad valorem property tax levy limit under
- 38 IC 6-1.1-18.5; and
- 39 (3) may be pledged to the repayment of bonds issued or leases
- 40 entered into for the purposes described in subsection (c).

41 SECTION 5. An emergency is declared for this act.

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