

# HOUSE BILL No. 1334

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3.5-1.1-25; IC 6-3.5-6-31.

**Synopsis:** Local option tax for public safety. Eliminates the requirement that a county council or county income tax council adopt an additional local option income tax rate or tax rates for property tax relief before adopting an additional local option income tax rate for public safety.

**Effective:** Upon passage.

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**Karickhoff**

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January 11, 2012, read first time and referred to Committee on Ways and Means.

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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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# HOUSE BILL No. 1334



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 6-3.5-1.1-25, AS AMENDED BY P.L.172-2011,  
2 SECTION 74, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 UPON PASSAGE]: Sec. 25. (a) As used in this section, "public safety"  
4 refers to the following:  
5 (1) A police and law enforcement system to preserve public peace  
6 and order.  
7 (2) A firefighting and fire prevention system.  
8 (3) Emergency ambulance services (as defined in  
9 IC 16-18-2-107).  
10 (4) Emergency medical services (as defined in IC 16-18-2-110).  
11 (5) Emergency action (as defined in IC 13-11-2-65).  
12 (6) A probation department of a court.  
13 (7) Confinement, supervision, services under a community  
14 corrections program (as defined in IC 35-38-2.6-2), or other  
15 correctional services for a person who has been:  
16 (A) diverted before a final hearing or trial under an agreement  
17 that is between the county prosecuting attorney and the person



- 1 or the person's custodian, guardian, or parent and that provides  
 2 for confinement, supervision, community corrections services,  
 3 or other correctional services instead of a final action  
 4 described in clause (B) or (C);  
 5 (B) convicted of a crime; or  
 6 (C) adjudicated as a delinquent child or a child in need of  
 7 services.
- 8 (8) A juvenile detention facility under IC 31-31-8.  
 9 (9) A juvenile detention center under IC 31-31-9.  
 10 (10) A county jail.  
 11 (11) A communications system (as defined in IC 36-8-15-3) or an  
 12 enhanced emergency telephone system (as defined in  
 13 IC 36-8-16-2).  
 14 (12) Medical and health expenses for jail inmates and other  
 15 confined persons.  
 16 (13) Pension payments for any of the following:  
 17 (A) A member of the fire department (as defined in  
 18 IC 36-8-1-8) or any other employee of a fire department.  
 19 (B) A member of the police department (as defined in  
 20 IC 36-8-1-9), a police chief hired under a waiver under  
 21 IC 36-8-4-6.5, or any other employee hired by a police  
 22 department.  
 23 (C) A county sheriff or any other member of the office of the  
 24 county sheriff.  
 25 (D) Other personnel employed to provide a service described  
 26 in this section.
- 27 (b) ~~If a county council has imposed a tax rate of at least twenty-five~~  
 28 ~~hundredths of one percent (0.25%) under section 24 of this chapter; a~~  
 29 ~~tax rate of at least twenty-five hundredths of one percent (0.25%) under~~  
 30 ~~section 26 of this chapter; or a total combined tax rate of at least~~  
 31 ~~twenty-five hundredths of one percent (0.25%) under sections 24 and~~  
 32 ~~26 of this chapter; the A county council may also adopt an ordinance~~  
 33 ~~to impose an additional tax rate under this section to provide funding~~  
 34 ~~for public safety.~~
- 35 (c) A tax rate under this section may not exceed twenty-five  
 36 hundredths of one percent (0.25%).
- 37 (d) If a county council adopts an ordinance to impose a tax rate  
 38 under this section, the county auditor shall send a certified copy of the  
 39 ordinance to the department and the department of local government  
 40 finance by certified mail.
- 41 (e) A tax rate under this section is in addition to any other tax rates  
 42 imposed under this chapter and does not affect the purposes for which

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1 other tax revenue under this chapter may be used.

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

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

11 (2) a fraction equal to:

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

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

18 The county auditor shall make the distributions required by this  
19 subsection not more than thirty (30) days after receiving the portion of  
20 the certified distribution that is attributable to a tax rate under this  
21 section. Tax revenue distributed to a county or municipality under this  
22 subsection must be deposited into a separate account or fund and may  
23 be appropriated by the county or municipality only for public safety  
24 purposes.

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

30 (h) The tax rate under this section and the tax revenue attributable  
31 to the tax rate under this section shall not be considered for purposes  
32 of computing:

33 (1) the maximum income tax rate that may be imposed in a county  
34 under section 2 of this chapter or any other provision of this  
35 chapter;

36 (2) the maximum permissible property tax levy under  
37 IC 6-1.1-18.5-3; or

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

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

42 (j) The department of local government finance and the department

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

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

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

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

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

15 may before July 1 of a year apply to the county council for a  
16 distribution of tax revenue under this section during the following  
17 calendar year. The county council shall review an application  
18 submitted under this subsection and may before September 1 of a year  
19 adopt a resolution requiring that one (1) or more of the applicants shall  
20 receive a specified amount of the tax revenue to be distributed under  
21 this section during the following calendar year. A resolution approved  
22 under this subsection providing for a distribution to one (1) or more fire  
23 departments, volunteer fire departments, or emergency medical  
24 services providers applies only to distributions in the following  
25 calendar year. Any amount of tax revenue distributed under this  
26 subsection to a fire department, volunteer fire department, or  
27 emergency medical services provider shall be distributed before the  
28 remainder of the tax revenue is distributed under subsection (f).

29 SECTION 2. IC 6-3.5-6-31, AS AMENDED BY P.L.172-2011,  
30 SECTION 77, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
31 UPON PASSAGE]: Sec. 31. (a) As used in this section, "public safety"  
32 refers to the following:

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

35 (2) A firefighting and fire prevention system.

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

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

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

40 (6) A probation department of a court.

41 (7) Confinement, supervision, services under a community  
42 corrections program (as defined in IC 35-38-2.6-2), or other

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1 correctional services for a person who has been:

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

8 (B) convicted of a crime; or

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

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

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

13 (10) A county jail.

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

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

19 (13) Pension payments for any of the following:

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

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

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

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

30 (b) The county income tax council may adopt an ordinance to  
31 impose an additional tax rate under this section to provide funding for  
32 public safety. if:

33 (1) the county income tax council has imposed a tax rate under  
34 section 30 of this chapter, in the case of a county containing a  
35 consolidated city; or

36 (2) the county income tax council has imposed a tax rate of at  
37 least twenty-five hundredths of one percent (0.25%) under section  
38 30 of this chapter, a tax rate of at least twenty-five hundredths of  
39 one percent (0.25%) under section 32 of this chapter, or a total  
40 combined tax rate of at least twenty-five hundredths of one  
41 percent (0.25%) under sections 30 and 32 of this chapter, in the  
42 case of a county other than a county containing a consolidated

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- 1 city:
- 2 (c) A tax rate under this section may not exceed the following:
- 3 (1) Five-tenths of one percent (0.5%), in the case of a county
- 4 containing a consolidated city.
- 5 (2) Twenty-five hundredths of one percent (0.25%), in the case of
- 6 a county other than a county containing a consolidated city.
- 7 (d) If a county income tax council adopts an ordinance to impose a
- 8 tax rate under this section, the county auditor shall send a certified
- 9 copy of the ordinance to the department and the department of local
- 10 government finance by certified mail.
- 11 (e) A tax rate under this section is in addition to any other tax rates
- 12 imposed under this chapter and does not affect the purposes for which
- 13 other tax revenue under this chapter may be used.
- 14 (f) Except as provided in subsections (l) and (m), the county auditor
- 15 shall distribute the portion of the certified distribution that is
- 16 attributable to a tax rate under this section to the county and to each
- 17 municipality in the county that is carrying out or providing at least one
- 18 (1) of the public safety purposes described in subsection (a). The
- 19 amount that shall be distributed to the county or municipality is equal
- 20 to the result of:
- 21 (1) the portion of the certified distribution that is attributable to a
- 22 tax rate under this section; multiplied by
- 23 (2) a fraction equal to:
- 24 (A) the total property taxes being collected in the county by
- 25 the county or municipality for the calendar year; divided by
- 26 (B) the sum of the total property taxes being collected in the
- 27 county by the county and each municipality in the county that
- 28 is entitled to a distribution under this section for the calendar
- 29 year.
- 30 The county auditor shall make the distributions required by this
- 31 subsection not more than thirty (30) days after receiving the portion of
- 32 the certified distribution that is attributable to a tax rate under this
- 33 section. Tax revenue distributed to a county or municipality under this
- 34 subsection must be deposited into a separate account or fund and may
- 35 be appropriated by the county or municipality only for public safety
- 36 purposes.
- 37 (g) The department of local government finance may not require a
- 38 county or municipality receiving tax revenue under this section to
- 39 reduce the county's or municipality's property tax levy for a particular
- 40 year on account of the county's or municipality's receipt of the tax
- 41 revenue.
- 42 (h) The tax rate under this section and the tax revenue attributable

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1 to the tax rate under this section shall not be considered for purposes  
2 of computing:

3 (1) the maximum income tax rate that may be imposed in a county  
4 under section 8 or 9 of this chapter or any other provision of this  
5 chapter;

6 (2) the maximum permissible property tax levy under  
7 IC 6-1.1-18.5-3; or

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

9 (i) The tax rate under this section may be imposed or rescinded at  
10 the same time and in the same manner that the county may impose or  
11 increase a tax rate under section 30 of this chapter.

12 (j) The department of local government finance and the department  
13 of state revenue may take any actions necessary to carry out the  
14 purposes of this section.

15 (k) Notwithstanding any other provision, in Lake County the county  
16 council (and not the county income tax council) is the entity authorized  
17 to take actions concerning the additional tax rate under this section.

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

23 (m) A fire department, volunteer fire department, or emergency  
24 medical services provider that:

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

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

30 may before July 1 of a year apply to the county income tax council for  
31 a distribution of tax revenue under this section during the following  
32 calendar year. The county income tax council shall review an  
33 application submitted under this subsection and may before September  
34 1 of a year adopt a resolution requiring that one (1) or more of the  
35 applicants shall receive a specified amount of the tax revenue to be  
36 distributed under this section during the following calendar year. A  
37 resolution approved under this subsection providing for a distribution  
38 to one (1) or more fire departments, volunteer fire departments, or  
39 emergency services providers applies only to distributions in the  
40 following calendar year. Any amount of tax revenue distributed under  
41 this subsection to a fire department, volunteer fire department, or  
42 emergency medical services provider shall be distributed before the

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1 remainder of the tax revenue is distributed under subsection (f).  
2 SECTION 3. **An emergency is declared for this act.**

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