

**CONFERENCE COMMITTEE REPORT
DIGEST FOR EHB 1072**

Citations Affected: IC 4-10-13; IC 4-33-6-1; IC 5-1-18; IC 5-11; IC 5-14-3.8-7; IC 5-28-16-3; IC 6-1.1; IC 6-2.3-4-7; IC 6-2.5; IC 6-3; IC 6-3.1; IC 6-3.5; IC 6-8.1-9-1; IC 6-9; IC 20-46; IC 36-1-8; IC 36-2-9-20; IC 36-3-6-9; IC 36-7; IC 36-8-15-19; IC 36-9-4-42; IC 36-12-12-5.

Synopsis: Tax administration. Changes dates for budget and levy adoption actions. Changes property tax, sales tax, and income tax reporting and filing requirements. Specifies the assessed value for outdoor signs. Changes the formula for applying the circuit breaker among debt and nondebt levies, permits the department of local government finance to authorize the exclusion of more than 2% of the assessed value of a taxing unit for purposes of calculating property tax rates, and changes the formula for calculating adjustments to the maximum permissible tax rate for cumulative funds and capital project funds to reflect changes in the total assessed value in a taxing unit. Provides for a loan to replace revenue lost from applying the prior adjustment formula. Expands the circumstances under which the budgets and supplemental budgets of a political subdivision with a nonelected governing body (other than a library) is subject to review by a county, city, or town fiscal body. Exempts from the utility receipts tax any payments of severance damages or other compensation resulting from a change in assigned service area boundaries. Provides a sales tax exemption for sales of wrapping material and empty containers that are acquired for shipping or delivery and a sales tax exemption concerning recycling. Provides a property tax deduction for solar power devices. 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. 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. Permits an additional local income tax rate in Starke County. Provides for an adjustment of certain maximum levy limits for two townships in Jasper County and the Frontier School Corporation. Makes changes in the administration of local income tax laws. Changes the date that a Miami County resolution related to the use of local income taxes for property tax credits takes effect. Eliminates certain local income tax rates for Tippecanoe County and Parke County. Makes changes related to the allocation of certain taxes in Allen County. Updates certain internal references to population and the Internal Revenue Code. 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. Provides for a continuous abatement notice regarding weeds and vegetation. Permits a political subdivision or municipally owned utility to collect a fee for a credit or bank card payment. Permits a political

subdivision or the board of a municipally owned utility to use an electronic funds transfer method of payment of claims. Provides that a county auditor may require an individual to provide evidence proving that the individual's residence is the individual's principal place of residence for purposes of the homestead standard deduction. Requires various legislative studies. **(This conference committee report makes the following changes in the Senate passed version of EHB 1072: (1) Makes technical conflict corrections to recognize the passage of SEA 115-2012 and SEA 19-2012. (2) Removes language related to state taxation of amounts deducted from a federal tax return for employer provided education expenses and qualified employer provided transportation fringe benefits. (3) Specifies that language added to provide a sales tax exemption for property used in recycling must be purchased for direct use in the direct processing of recycling materials. (4) Removes language that would permit money in the motor vehicle highway account fund to be used for a purpose for which money in the local road and street account may be used. (5) Adds language to specify how the maximum permissible property tax rate allowed for a capital projects or cumulative fund is to be adjusted when the assessed value of property in a taxing unit changes. (6) Adds provisions correcting references to the Internal Revenue Code and providing various sales and adjusted gross income filing and reporting requirements. (7) Removes a provision related to the determination of the wholesale price of tobacco products. (8) Permits an adjustment in the transportation fund levy of a school experiencing a loss of revenue exceeding 24% in 2009. (9) Removes language adding authority for a local residential historic rehabilitation grant program. (10) Removes a provision that eliminates limitations on the amount of money that may be transferred to a rainy day fund. (11) Permits a single weed abatement notice to be issued to apply to all violations occurring in the same year. (12) Inserts IC 6-1.1-17-1 twice with different effective dates to resolve a conflict with SEA 19-2012. (13) Provides for a loan from the state to replace revenue lost from applying a prior adjustment formula applicable to the maximum permissible tax rate for certain cumulative and capital project funds. (14) Eliminates the requirement that a county fiscal body provide a nonbinding recommendation concerning a school corporation's property tax levies and rates. (15) Provides for legislative studies.)**

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

CONFERENCE COMMITTEE REPORT

MADAM PRESIDENT:

Your Conference Committee appointed to confer with a like committee from the House upon Engrossed Senate Amendments to Engrossed House Bill No. 1072 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

- 1 Delete everything after the enacting clause and insert the following:
- 2 SECTION 1. IC 4-10-13-0.1 IS REPEALED [EFFECTIVE JULY
- 3 1, 2012]. ~~Sec. 0.1: The amendments made to section 5 of this chapter~~
- 4 ~~by P.L.98-1989 apply to boating years beginning after December 31,~~
- 5 ~~1989.~~
- 6 SECTION 2. IC 4-10-13-5 IS REPEALED [EFFECTIVE JULY 1,
- 7 2012]. ~~Sec. 5: (a) The department of local government finance shall~~
- 8 ~~prepare and publish each year the following report which must contain~~
- 9 ~~the following property tax data by counties or by appropriate taxing~~
- 10 ~~jurisdictions:~~
- 11 (1) ~~The tax rates of the various taxing jurisdictions.~~
- 12 (2) ~~An abstract of taxable real property including a recital of the~~
- 13 ~~number of parcels and the gross assessed valuation of nonfarm~~
- 14 ~~residential property including improvements thereon; the number~~
- 15 ~~of parcels and the gross assessed valuation of commercial and~~
- 16 ~~industrial real property; including improvements thereon; the~~
- 17 ~~number of parcels and the gross assessed valuation of unimproved~~
- 18 ~~real property; the number of parcels and the gross assessed~~
- 19 ~~valuation of agricultural acreage including improvements thereon;~~
- 20 ~~and the total amount of the gross assessed valuation of real estate~~
- 21 ~~and the total assessed valuation of improvements thereon. The~~
- 22 ~~abstract shall also include a recital of the total amount of net~~

- 1 valuation of real property.
- 2 (3) The total assessed valuation of personal property belonging to
- 3 steam and electric railways and to public utilities.
- 4 (4) The total number of taxpayers and the total assessed valuation
- 5 of household goods and personal effects, excluding boats subject
- 6 to the boat excise tax under IC 6-6-11.
- 7 (5) The total number of units assessed and the assessed valuation
- 8 of each of the following items of personal property:
- 9 (A) Privately owned, noncommercial passenger cars.
- 10 (B) Commercial passenger cars.
- 11 (C) Trucks and tractors.
- 12 (D) Motorcycles.
- 13 (E) Buses.
- 14 (F) Mobile homes.
- 15 (G) Boats.
- 16 (H) Airplanes.
- 17 (I) Farm machinery.
- 18 (J) Livestock.
- 19 (K) Crops.
- 20 (6) The total number of taxpayers and the total valuation of
- 21 inventories and other personal property belonging to retail
- 22 establishments, wholesale establishments, manufacturing
- 23 establishments, and commercial establishments.
- 24 (b) The department of local government finance is hereby
- 25 authorized to prescribe and promulgate the forms as are necessary for
- 26 the obtaining of such information from local assessing officials. The
- 27 local assessing officials are directed to comply with this section.
- 28 SECTION 3. IC 4-33-6-1, AS AMENDED BY P.L.233-2007,
- 29 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 30 APRIL 1, 2012]: Sec. 1. (a) The commission may issue to a person a
- 31 license to own a riverboat subject to the numerical and geographical
- 32 limitation of owner's licenses under this section, section 3.5 of this
- 33 chapter, and IC 4-33-4-17. However, not more than ten (10) owner's
- 34 licenses may be in effect at any time. Except as provided in subsection
- 35 (b), those ten (10) licenses are as follows:
- 36 (1) Two (2) licenses for a riverboat that operates from the **largest**
- 37 **city located in the counties described under IC 4-33-1-1(1). of**
- 38 **Gary.**
- 39 (2) One (1) license for a riverboat that operates from the **second**
- 40 **largest city located in the counties described under**
- 41 **IC 4-33-1-1(1). of Hammond.**
- 42 (3) One (1) license for a riverboat that operates from the **third**
- 43 **largest city located in the counties described under**
- 44 **IC 4-33-1-1(1). of East Chicago.**
- 45 (4) One (1) license for a city located in the counties described
- 46 under IC 4-33-1-1(1). This license may not be issued to a city
- 47 described in subdivisions (1) through (3).
- 48 (5) A total of five (5) licenses for riverboats that operate upon the
- 49 Ohio River from the following counties:
- 50 (A) Vanderburgh County.

- 1 (B) Harrison County.
- 2 (C) Switzerland County.
- 3 (D) Ohio County.
- 4 (E) Dearborn County.

5 The commission may not issue a license to an applicant if the
 6 issuance of the license would result in more than one (1) riverboat
 7 operating from a county described in this subdivision.

8 (b) If a city described in subsection (a)(2) or (a)(3) conducts two (2)
 9 elections under section 20 of this chapter, and the voters of the city do
 10 not vote in favor of permitting riverboat gambling at either of those
 11 elections, the license assigned to that city under subsection (a)(2) or
 12 (a)(3) may be issued to any city that:

- 13 (1) does not already have a riverboat operating from the city; and
- 14 (2) is located in a county described in IC 4-33-1-1(1).

15 (c) In addition to its power to issue owner's licenses under
 16 subsection (a), the commission may also enter into a contract under
 17 IC 4-33-6.5 with respect to the operation of one (1) riverboat on behalf
 18 of the commission in a historic hotel district.

19 (d) A person holding an owner's license may not move the person's
 20 riverboat from the county in which the riverboat was docked on
 21 January 1, 2007, to any other county.

22 SECTION 4. IC 5-1-18-6, AS AMENDED BY P.L.219-2007,
 23 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 24 JULY 1, 2012]: Sec. 6. A political subdivision that issues bonds or
 25 enters into a lease after December 31, 2005, shall supply the
 26 department with ~~information concerning the bond issue or lease not~~
 27 ~~later than December 31 of the year in a debt issuance report not later~~
 28 **than one (1) month after the date on** which the bonds are issued or
 29 the lease is executed.

30 SECTION 5. IC 5-1-18-7, AS ADDED BY P.L.199-2005,
 31 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 32 JULY 1, 2012]: Sec. 7. (a) Except as provided by subsection (b), the
 33 ~~bond issue information~~ **debt issuance report** required by section 6 of
 34 this chapter must be submitted on a form prescribed by the department
 35 and must include **the following information concerning bonds:**

- 36 (1) The par value of the bond issue.
- 37 (2) A schedule of maturities and interest rates.
- 38 (3) The purposes of the bond issue.
- 39 (4) The itemized costs of issuance information, including fees for
 40 bond counsel, other legal counsel, underwriters, and financial
 41 advisors.
- 42 (5) The type of bonds that are issued. ~~and~~
- 43 (6) Other information as required by the department.

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

46 (b) ~~The department may establish a procedure that permits A~~
 47 ~~political subdivision or a person acting on behalf of a political~~
 48 ~~subdivision to transfer all or part of the information~~ **shall submit the**
 49 **debt issuance report information** described in subsection (a) to the
 50 department ~~in a uniform format through a secure connection over the~~

1 ~~Internet or through other electronic means:~~ **electronically, in the**
 2 **manner prescribed by the department.**

3 **(c) For taxes due and payable for an assessment date after**
 4 **January 15, 2012, the department may not approve an**
 5 **appropriation or a property tax levy that is associated with a debt**
 6 **unless the debt issuance report for the debt has been submitted to**
 7 **the department, unless the department has granted a waiver under**
 8 **subsection (d).**

9 **(d) The department may for good cause grant a waiver to the**
 10 **requirement under subsection (c) and approve an appropriation or**
 11 **a property tax levy, notwithstanding a political subdivision's**
 12 **failure to submit a required debt issuance report.**

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

- 19 (1) The term of the lease.
- 20 (2) The annual and total amount of lease rental payments due
 21 under the lease.
- 22 (3) The purposes of the lease.
- 23 (4) The itemized costs incurred by the political subdivision with
 24 respect to the preparation and execution of the lease, including
 25 fees for legal counsel and other professional advisors.
- 26 (5) If all or part of the lease rental payments are used by the lessor
 27 as debt service payments for bonds issued for the acquisition,
 28 construction, renovation, improvement, expansion, or use of a
 29 building, structure, or other public improvement for the political
 30 subdivision:
 31 (A) the name of the lessor;
 32 (B) the par value of the bond issue; and
 33 (C) the purposes of the bond issue. ~~and~~
- 34 (6) Other information as required by the department.

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

42 **(c) For taxes due and payable for an assessment date after**
 43 **January 15, 2012, the department may not approve an**
 44 **appropriation or a property tax levy that is associated with a debt**
 45 **unless the debt issuance report for the debt has been submitted to**
 46 **the department, unless the department has granted a waiver under**
 47 **subsection (d).**

48 **(d) The department may for good cause grant a waiver to the**
 49 **requirement under subsection (c) and approve an appropriation or**
 50 **a property tax levy, notwithstanding a political subdivision's**
 51 **failure to submit a required debt issuance report.**

1 SECTION 7. IC 5-1-18-9, AS ADDED BY P.L.199-2005,
 2 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 3 JULY 1, 2012]: Sec. 9. **(a) This subsection applies to reporting that**
 4 **occurs before January 1, 2013.** Each political subdivision that has any
 5 outstanding bonds or leases shall submit a report to the department
 6 before March 1 of 2006 and each year thereafter that includes a
 7 summary of all the outstanding bonds of the political subdivision as of
 8 January 1 of that year. The report must:

- 9 (1) distinguish the outstanding bond issues and leases on the basis
 10 of the type of bond or lease, as determined by the department;
 11 (2) include a comparison of the political subdivision's outstanding
 12 indebtedness compared to any applicable statutory or
 13 constitutional limitations on indebtedness;
 14 (3) include other information as required by the department; and
 15 (4) be submitted on a form prescribed by the department or
 16 through the Internet or other electronic means, as determined by
 17 the department.

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

23 SECTION 8. IC 5-11-1-4, AS AMENDED BY P.L.172-2011,
 24 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 25 UPON PASSAGE]: Sec. 4. (a) The state examiner shall require from
 26 every municipality and every state or local governmental unit, entity,
 27 or instrumentality financial reports covering the full period of each
 28 fiscal year. These reports shall be prepared, verified, and filed with the
 29 state examiner not later than sixty (60) days after the close of each
 30 fiscal year. ~~The reports must be filed electronically, in a manner~~
 31 ~~prescribed by the state examiner that is compatible with the technology~~
 32 ~~employed by the political subdivision. The reports must be in the~~
 33 ~~form and content prescribed by the state examiner and filed~~
 34 ~~electronically in the manner prescribed under IC 5-14-3.8-7.~~

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

39 SECTION 9. IC 5-11-13-1, AS AMENDED BY P.L.172-2011,
 40 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 41 UPON PASSAGE]: Sec. 1. (a) Every state, county, city, town,
 42 township, or school official, elective or appointive, who is the head of
 43 or in charge of any office, department, board, or commission of the
 44 state or of any county, city, town, or township, and every state, county,
 45 city, town, or township employee or agent who is the head of, or in
 46 charge of, or the executive officer of any department, bureau, board, or
 47 commission of the state, county, city, town, or township, and every
 48 executive officer by whatever title designated, who is in charge of any
 49 state educational institution or of any other state, county, or city
 50 institution, shall during the month of January of each year prepare,
 51 make, and sign a ~~written or printed~~ certified report, correctly and

1 completely showing the names and business addresses of each and all
 2 officers, employees, and agents in their respective offices, departments,
 3 boards, commissions, and institutions, and the respective duties and
 4 compensation of each, and shall forthwith file said report in the office
 5 of the state examiner of the state board of accounts. **The report must**
 6 **also indicate whether the political subdivision offers a health plan,**
 7 **a pension, and other benefits to full-time and part-time employees.**
 8 However, no more than one (1) report covering the same officers,
 9 employees, and agents need be made from the state or any county, city,
 10 town, township, or school unit in any one year. **The certification must**
 11 **be filed electronically in the manner prescribed under**
 12 **IC 5-14-3.8-7.**

13 (b) The department of local government finance may not approve
 14 the budget of a county, city, town, or township or a supplemental
 15 appropriation for a county, city, town, or township until the county,
 16 city, town, or township files an annual report under subsection (a) for
 17 the preceding calendar year.

18 SECTION 10. IC 5-14-3.8-7, AS ADDED BY P.L.172-2011,
 19 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 20 UPON PASSAGE]: Sec. 7. The department may require that prescribed
 21 forms be submitted in an electronic format. **The department, working**
 22 **with the office of technology established by IC 4-13.1-2-1 or**
 23 **another organization that is part of a state educational institution,**
 24 **shall develop and maintain a secure, web-based system that**
 25 **facilitates electronic submission of the forms under this section.**
 26 **Political subdivisions shall submit forms under this section through**
 27 **the web-based system as prescribed by the department.**

28 SECTION 11. IC 5-28-16-3, AS ADDED BY P.L.4-2005,
 29 SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 30 UPON PASSAGE]: Sec. 3. (a) An application requesting a grant or
 31 loan from the fund must be targeted to one (1) or more of the areas
 32 listed in section 2 of this chapter.

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

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

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

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

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

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

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

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

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

3 An applicant for a grant or loan from the fund may request that certain
4 information that is submitted by the applicant be kept confidential.

5 **However, an applicant's projection of the jobs to be created by a**
6 **project may not be kept confidential.** The board shall make a
7 determination of confidentiality as soon as is practicable. If the board
8 determines that the information should not be kept confidential, the
9 applicant may withdraw the application, and the board must return the
10 information before making it part of any public record.

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

23 SECTION 12. IC 6-1.1-1-3, AS AMENDED BY P.L.146-2008,
24 SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
25 JULY 1, 2012]: Sec. 3. (a) Except as provided in subsection (b),
26 "assessed value" or "assessed valuation" means an amount equal to:

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

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

31 (b) For purposes of calculating a budget, rate, or levy under
32 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,
33 IC 20-46-5, and IC 20-46-6, "assessed value" or "assessed valuation"
34 does not include the **net** assessed value of tangible property excluded
35 and kept separately on a tax duplicate by a county auditor under
36 IC 6-1.1-17-0.5.

37 SECTION 13. IC 6-1.1-3-24 IS ADDED TO THE INDIANA CODE
38 AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE
39 MARCH 1, 2011 (RETROACTIVE)]: **Sec. 24. (a) In determining the**
40 **assessed value of various sizes of outdoor advertising signs for the**
41 **2011 through 2014 assessment dates, a taxpayer and assessing**
42 **official shall use the following table without any adjustments:**

43 **Single Pole Structure**

44 Type of Sign	Value Per Structure
45 At least 48 feet, illuminated	\$5,000
46 At least 48 feet, non-illuminated	\$4,000
47 At least 26 feet and under 48 feet, illuminated	\$4,000
48 At least 26 feet and under 48 feet,	
49 non-illuminated	\$3,300
50 Under 26 feet, illuminated	\$3,200
51 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 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 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

1 CODE AS A NEW SECTION TO READ AS FOLLOWS
 2 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)]: **Sec. 26.1. (a)**
 3 **This section applies only to a solar power device that is installed**
 4 **after December 31, 2011.**

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

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

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

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

21 **(d) The owner of real property equipped with a solar power**
 22 **device that is assessed as a real property improvement may have**
 23 **deducted annually from the assessed value of the real property an**
 24 **amount equal to:**

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

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

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

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

31 **(2) personal property;**

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

34 SECTION 16. IC 6-1.1-12-27.1, AS AMENDED BY P.L.113-2010,
 35 SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 36 JANUARY 1, 2012 (RETROACTIVE)]: Sec. 27.1. Except as provided
 37 in sections 36 and 44 of this chapter and subject to section 45 of this
 38 chapter, a person who desires to claim the deduction provided by
 39 section 26 **or 26.1** of this chapter must file a certified statement in
 40 duplicate, on forms prescribed by the department of local government
 41 finance, with the auditor of the county in which the real property, ~~or~~
 42 mobile home, **manufactured home, or solar power device** is subject
 43 to assessment. With respect to real property **or a solar power device**
 44 **that is assessed as distributable property under IC 6-1.1-8 or as**
 45 **personal property**, the person must file the statement during the year
 46 for which the person desires to obtain the deduction. Except as
 47 provided in sections 36 and 44 of this chapter and subject to section 45
 48 of this chapter, with respect to a mobile home which is not assessed as
 49 real property, the person must file the statement during the twelve (12)
 50 months before March 31 of each year for which the person desires to
 51 obtain the deduction. The person must:

- 1 (1) own the real property, mobile home, or manufactured home **or**
 2 **own the solar power device; or**
 3 (2) be buying the real property, mobile home, **or** manufactured
 4 home, **or solar power device** under contract; **or**
 5 **(3) be leasing the real property from the real property owner**
 6 **and be subject to assessment and property taxation with**
 7 **respect to the solar power device;**

8 on the date the statement is filed under this section. The statement may
 9 be filed in person or by mail. If mailed, the mailing must be postmarked
 10 on or before the last day for filing. On verification of the statement by
 11 the assessor of the township in which the real property, **or** mobile
 12 home, **manufactured home, or solar power device** is subject to
 13 assessment, or the county assessor if there is no township assessor for
 14 the township, the county auditor shall allow the deduction.

15 SECTION 17. IC 6-1.1-12-37, AS AMENDED BY P.L.172-2011,
 16 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 17 JULY 1, 2012]: Sec. 37. (a) The following definitions apply throughout
 18 this section:

- 19 (1) "Dwelling" means any of the following:
 20 (A) Residential real property improvements that an individual
 21 uses as the individual's residence, including a house or garage.
 22 (B) A mobile home that is not assessed as real property that an
 23 individual uses as the individual's residence.
 24 (C) A manufactured home that is not assessed as real property
 25 that an individual uses as the individual's residence.
 26 (2) "Homestead" means an individual's principal place of
 27 residence:
 28 (A) that is located in Indiana;
 29 (B) that:
 30 (i) the individual owns;
 31 (ii) the individual is buying under a contract; recorded in the
 32 county recorder's office, that provides that the individual is
 33 to pay the property taxes on the residence;
 34 (iii) the individual is entitled to occupy as a
 35 tenant-stockholder (as defined in 26 U.S.C. 216) of a
 36 cooperative housing corporation (as defined in 26 U.S.C.
 37 216); or
 38 (iv) is a residence described in section 17.9 of this chapter
 39 that is owned by a trust if the individual is an individual
 40 described in section 17.9 of this chapter; and
 41 (C) that consists of a dwelling and the real estate, not
 42 exceeding one (1) acre, that immediately surrounds that
 43 dwelling.

44 Except as provided in subsection (k), the term does not include
 45 property owned by a corporation, partnership, limited liability
 46 company, or other entity not described in this subdivision.

47 (b) Each year a homestead is eligible for a standard deduction from
 48 the assessed value of the homestead for an assessment date. The
 49 deduction provided by this section applies to property taxes first due
 50 and payable for an assessment date only if an individual has an interest

- 1 in the homestead described in subsection (a)(2)(B) on:
- 2 (1) the assessment date; or
- 3 (2) any date in the same year after an assessment date that a
- 4 statement is filed under subsection (e) or section 44 of this
- 5 chapter, if the property consists of real property.
- 6 Subject to subsection (c), the auditor of the county shall record and
- 7 make the deduction for the individual or entity qualifying for the
- 8 deduction.
- 9 (c) Except as provided in section 40.5 of this chapter, the total
- 10 amount of the deduction that a person may receive under this section
- 11 for a particular year is the lesser of:
- 12 (1) sixty percent (60%) of the assessed value of the real property,
- 13 mobile home not assessed as real property, or manufactured home
- 14 not assessed as real property; or
- 15 (2) forty-five thousand dollars (\$45,000).
- 16 (d) A person who has sold real property, a mobile home not assessed
- 17 as real property, or a manufactured home not assessed as real property
- 18 to another person under a contract that provides that the contract buyer
- 19 is to pay the property taxes on the real property, mobile home, or
- 20 manufactured home may not claim the deduction provided under this
- 21 section with respect to that real property, mobile home, or
- 22 manufactured home.
- 23 (e) Except as provided in sections 17.8 and 44 of this chapter and
- 24 subject to section 45 of this chapter, an individual who desires to claim
- 25 the deduction provided by this section must file a certified statement in
- 26 duplicate, on forms prescribed by the department of local government
- 27 finance, with the auditor of the county in which the homestead is
- 28 located. The statement must include:
- 29 (1) the parcel number or key number of the property and the name
- 30 of the city, town, or township in which the property is located;
- 31 (2) the name of any other location in which the applicant or the
- 32 applicant's spouse owns, is buying, or has a beneficial interest in
- 33 residential real property;
- 34 (3) the names of:
- 35 (A) the applicant and the applicant's spouse (if any):
- 36 (i) as the names appear in the records of the United States
- 37 Social Security Administration for the purposes of the
- 38 issuance of a Social Security card and Social Security
- 39 number; or
- 40 (ii) that they use as their legal names when they sign their
- 41 names on legal documents;
- 42 if the applicant is an individual; or
- 43 (B) each individual who qualifies property as a homestead
- 44 under subsection (a)(2)(B) and the individual's spouse (if any):
- 45 (i) as the names appear in the records of the United States
- 46 Social Security Administration for the purposes of the
- 47 issuance of a Social Security card and Social Security
- 48 number; or
- 49 (ii) that they use as their legal names when they sign their
- 50 names on legal documents;

- 1 if the applicant is not an individual; and
 2 (4) either:
 3 (A) the last five (5) digits of the applicant's Social Security
 4 number and the last five (5) digits of the Social Security
 5 number of the applicant's spouse (if any); or
 6 (B) if the applicant or the applicant's spouse (if any) do not
 7 have a Social Security number, any of the following for that
 8 individual:
 9 (i) The last five (5) digits of the individual's driver's license
 10 number.
 11 (ii) The last five (5) digits of the individual's state
 12 identification card number.
 13 (iii) If the individual does not have a driver's license or a
 14 state identification card, the last five (5) digits of a control
 15 number that is on a document issued to the individual by the
 16 federal government and determined by the department of
 17 local government finance to be acceptable.
- 18 If a form or statement provided to the county auditor under this section,
 19 IC 6-1.1-22-8.1, or IC 6-1.1-22.5-12 includes the telephone number or
 20 part or all of the Social Security number of a party or other number
 21 described in subdivision (4)(B) of a party, the telephone number and
 22 the Social Security number or other number described in subdivision
 23 (4)(B) included are confidential. The statement may be filed in person
 24 or by mail. If the statement is mailed, the mailing must be postmarked
 25 on or before the last day for filing. The statement applies for that first
 26 year and any succeeding year for which the deduction is allowed. With
 27 respect to real property, the statement must be completed and dated in
 28 the calendar year for which the person desires to obtain the deduction
 29 and filed with the county auditor on or before January 5 of the
 30 immediately succeeding calendar year. With respect to a mobile home
 31 that is not assessed as real property, the person must file the statement
 32 during the twelve (12) months before March 31 of the year for which
 33 the person desires to obtain the deduction.
- 34 (f) If an individual who is receiving the deduction provided by this
 35 section or who otherwise qualifies property for a deduction under this
 36 section:
 37 (1) changes the use of the individual's property so that part or all
 38 of the property no longer qualifies for the deduction under this
 39 section; or
 40 (2) is no longer eligible for a deduction under this section on
 41 another parcel of property because:
 42 (A) the individual would otherwise receive the benefit of more
 43 than one (1) deduction under this chapter; or
 44 (B) the individual maintains the individual's principal place of
 45 residence with another individual who receives a deduction
 46 under this section;
- 47 the individual must file a certified statement with the auditor of the
 48 county, notifying the auditor of the change of use, not more than sixty
 49 (60) days after the date of that change. An individual who fails to file
 50 the statement required by this subsection is liable for any additional

1 taxes that would have been due on the property if the individual had
 2 filed the statement as required by this subsection plus a civil penalty
 3 equal to ten percent (10%) of the additional taxes due. The civil penalty
 4 imposed under this subsection is in addition to any interest and
 5 penalties for a delinquent payment that might otherwise be due. One
 6 percent (1%) of the total civil penalty collected under this subsection
 7 shall be transferred by the county to the department of local
 8 government finance for use by the department in establishing and
 9 maintaining the homestead property data base under subsection (i) and,
 10 to the extent there is money remaining, for any other purposes of the
 11 department. This amount becomes part of the property tax liability for
 12 purposes of this article.

13 (g) The department of local government finance shall adopt rules or
 14 guidelines concerning the application for a deduction under this
 15 section.

16 (h) This subsection does not apply to property in the first year for
 17 which a deduction is claimed under this section if the sole reason that
 18 a deduction is claimed on other property is that the individual or
 19 married couple maintained a principal residence at the other property
 20 on March 1 in the same year in which an application for a deduction is
 21 filed under this section or, if the application is for a homestead that is
 22 assessed as personal property, on March 1 in the immediately
 23 preceding year and the individual or married couple is moving the
 24 individual's or married couple's principal residence to the property that
 25 is the subject of the application. Except as provided in subsection (n),
 26 the county auditor may not grant an individual or a married couple a
 27 deduction under this section if:

28 (1) the individual or married couple, for the same year, claims the
 29 deduction on two (2) or more different applications for the
 30 deduction; and

31 (2) the applications claim the deduction for different property.

32 (i) The department of local government finance shall provide secure
 33 access to county auditors to a homestead property data base that
 34 includes access to the homestead owner's name and the numbers
 35 required from the homestead owner under subsection (e)(4) for the sole
 36 purpose of verifying whether an owner is wrongly claiming a deduction
 37 under this chapter or a credit under IC 6-1.1-20.4, IC 6-1.1-20.6, or
 38 IC 6-3.5.

39 (j) **A county auditor may require an individual to provide**
 40 **evidence proving that the individual's residence is the individual's**
 41 **principal place of residence as claimed in the certified statement**
 42 **filed under subsection (e). The county auditor may limit the**
 43 **evidence that an individual is required to submit to a state income**
 44 **tax return, a valid driver's license, or a valid voter registration**
 45 **card showing that the residence for which the deduction is claimed**
 46 **is the individual's principal place of residence.** The department of
 47 local government finance shall work with county auditors to develop
 48 procedures to determine whether a property owner that is claiming a
 49 standard deduction or homestead credit is not eligible for the standard
 50 deduction or homestead credit because the property owner's principal
 51 place of residence is outside Indiana.

1 (k) As used in this section, "homestead" includes property that
2 satisfies each of the following requirements:

3 (1) The property is located in Indiana and consists of a dwelling
4 and the real estate, not exceeding one (1) acre, that immediately
5 surrounds that dwelling.

6 (2) The property is the principal place of residence of an
7 individual.

8 (3) The property is owned by an entity that is not described in
9 subsection (a)(2)(B).

10 (4) The individual residing on the property is a shareholder,
11 partner, or member of the entity that owns the property.

12 (5) The property was eligible for the standard deduction under
13 this section on March 1, 2009.

14 (l) If a county auditor terminates a deduction for property described
15 in subsection (k) with respect to property taxes that are:

16 (1) imposed for an assessment date in 2009; and

17 (2) first due and payable in 2010;

18 on the grounds that the property is not owned by an entity described in
19 subsection (a)(2)(B), the county auditor shall reinstate the deduction if
20 the taxpayer provides proof that the property is eligible for the
21 deduction in accordance with subsection (k) and that the individual
22 residing on the property is not claiming the deduction for any other
23 property.

24 (m) For assessments dates after 2009, the term "homestead"
25 includes:

26 (1) a deck or patio;

27 (2) a gazebo; or

28 (3) another residential yard structure, as defined in rules adopted
29 by the department of local government finance (other than a
30 swimming pool);

31 that is assessed as real property and attached to the dwelling.

32 (n) A county auditor shall grant an individual a deduction under this
33 section regardless of whether the individual and the individual's spouse
34 claim a deduction on two (2) different applications and each
35 application claims a deduction for different property if the property
36 owned by the individual's spouse is located outside Indiana and the
37 individual files an affidavit with the county auditor containing the
38 following information:

39 (1) The names of the county and state in which the individual's
40 spouse claims a deduction substantially similar to the deduction
41 allowed by this section.

42 (2) A statement made under penalty of perjury that the following
43 are true:

44 (A) That the individual and the individual's spouse maintain
45 separate principal places of residence.

46 (B) That neither the individual nor the individual's spouse has
47 an ownership interest in the other's principal place of
48 residence.

49 (C) That neither the individual nor the individual's spouse has,
50 for that same year, claimed a standard or substantially similar

1 deduction for any property other than the property maintained
 2 as a principal place of residence by the respective individuals.
 3 A county auditor may require an individual or an individual's spouse to
 4 provide evidence of the accuracy of the information contained in an
 5 affidavit submitted under this subsection. The evidence required of the
 6 individual or the individual's spouse may include state income tax
 7 returns, excise tax payment information, property tax payment
 8 information, driver license information, and voter registration
 9 information.

10 (o) If:

11 (1) a property owner files a statement under subsection (e) to
 12 claim the deduction provided by this section for a particular
 13 property; and

14 (2) the county auditor receiving the filed statement determines
 15 that the property owner's property is not eligible for the deduction;
 16 the county auditor shall inform the property owner of the county
 17 auditor's determination in writing. **If a property owner's property is**
 18 **not eligible for the deduction because the county auditor has**
 19 **determined that the property is not the property owner's principal**
 20 **place of residence, the property owner may appeal the county**
 21 **auditor's determination to the county property tax assessment**
 22 **board of appeals as provided in IC 6-1.1-15. The county auditor**
 23 **shall inform the property owner of the owner's right to appeal to**
 24 **the county property tax assessment board of appeals when the**
 25 **county auditor informs the property owner of the county auditor's**
 26 **determination under this subsection.**

27 SECTION 18. IC 6-1.1-12-41, AS AMENDED BY P.L.146-2008,
 28 SECTION 118, IS AMENDED TO READ AS FOLLOWS
 29 [EFFECTIVE JULY 1, 2012]: Sec. 41. (a) This section does not apply
 30 to assessment years beginning after December 31, 2005.

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

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

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

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

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

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

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

51 An ordinance adopted under this section may be consolidated with an

1 ordinance adopted under ~~IC 6-3.5-7-25~~ or IC 6-3.5-7-26. The
 2 consolidation of an ordinance adopted under this section with an
 3 ordinance adopted under IC 6-3.5-7-26 does not cause the ordinance
 4 adopted under IC 6-3.5-7-26 to expire after December 31, 2005.

5 (g) An ordinance may not be adopted under subsection (f) after May
 6 30, 2005. However, an ordinance adopted under this section:

7 (1) before March 31, 2004, may be amended after March 30,
 8 2004; and

9 (2) before June 1, 2005, may be amended after May 30, 2005;
 10 to consolidate an ordinance adopted under IC 6-3.5-7-26.

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

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

16 (2) the county fiscal body if the county adjusted gross income tax
 17 is in effect on January 1 of the year in which an ordinance under
 18 this section is adopted; or

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

22 To adopt an ordinance under subsection (f), a county income tax
 23 council shall use the procedures set forth in IC 6-3.5-6 concerning the
 24 imposition of the county option income tax. The entity that adopts the
 25 ordinance shall provide a certified copy of the ordinance to the
 26 department of local government finance before February 1.

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

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

36 (1) determine the amount of the deduction; and

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

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

42 (1) an assessing official;

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

44 (3) the department of local government finance.

45 SECTION 19. IC 6-1.1-15-10, AS AMENDED BY P.L.146-2008,
 46 SECTION 139, IS AMENDED TO READ AS FOLLOWS
 47 [EFFECTIVE JULY 1, 2012]: Sec. 10. (a) If a petition for review to
 48 any board or a proceeding for judicial review in the tax court regarding
 49 an assessment or increase in assessment is pending, the taxes resulting
 50 from the assessment or increase in assessment are, notwithstanding the

1 provisions of IC 6-1.1-22-9, not due until after the petition for review,
 2 or the proceeding for judicial review, is finally adjudicated and the
 3 assessment or increase in assessment is finally determined. However,
 4 even though a petition for review or a proceeding for judicial review is
 5 pending, the taxpayer shall pay taxes on the tangible property when the
 6 property tax installments come due, unless the collection of the taxes
 7 is enjoined under IC 33-26-6-2 pending a final determination in the
 8 proceeding for judicial review. The amount of taxes which the taxpayer
 9 is required to pay, pending the final determination of the assessment or
 10 increase in assessment, shall be based on:

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

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

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

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

30 SECTION 20. IC 6-1.1-17-0.5, AS AMENDED BY
 31 P.L.182-2009(ss), SECTION 113, IS AMENDED TO READ AS
 32 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 0.5. (a) For purposes
 33 of this section, "**net assessed value**" ~~has the meaning set forth in~~
 34 ~~IC 6-1.1-1-3(a).~~ **means assessed value after the application of**
 35 **deductions, exemptions, and abatements.**

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

39 (1) The **net** assessed value of the property is at least nine percent
 40 (9%) of the **net** assessed value of all tangible property subject to
 41 taxation by a taxing ~~unit~~ **district**.

42 (2) The property is or has been part of a bankruptcy estate that is
 43 subject to protection under the federal bankruptcy code.

44 (3) The owner of the property has discontinued all business
 45 operations on the property.

46 (4) There is a high probability that the taxpayer will not pay
 47 property taxes due on the property in the following year.

48 (c) This section does not limit, restrict, or reduce in any way the
 49 property tax liability on the property.

50 (d) For each taxing ~~unit~~ **district** located in the county, the county

1 auditor may reduce for a calendar year the taxing ~~unit's~~ **district's net**
 2 assessed value that is certified to the department of local government
 3 finance under section 1 of this chapter and used to set tax rates for the
 4 taxing ~~unit~~ **district** for taxes first due and payable in the immediately
 5 succeeding calendar year. The county auditor may reduce a taxing
 6 ~~unit's district's net~~ assessed value under this subsection only to enable
 7 the taxing ~~unit~~ **district** to absorb the effects of reduced property tax
 8 collections in the immediately succeeding calendar year that are
 9 expected to result from any or a combination of the following:

10 (1) Successful appeals of the assessed value of property located
 11 in the taxing ~~unit~~ **district**.

12 (2) Deductions under IC 6-1.1-12-37 and IC 6-1.1-12-37.5 that
 13 result from the granting of applications for the standard deduction
 14 for the calendar year under IC 6-1.1-12-37 or IC 6-1.1-12-44 after
 15 the county auditor certifies **net** assessed value as described in this
 16 section.

17 (3) Deductions that result from the granting of applications for
 18 deductions for the calendar year under IC 6-1.1-12-44 after the
 19 county auditor certifies **net** assessed value as described in this
 20 section.

21 (4) Reassessments of real property under IC 6-1.1-4-11.5.

22 Not later than December 31 of each year, the county auditor shall send
 23 a certified statement, under the seal of the board of county
 24 commissioners, to the fiscal officer of each political subdivision of the
 25 county and to the department of local government finance. The
 26 certified statement must list any adjustments to the amount of the
 27 reduction under this subsection and the information submitted under
 28 section 1 of this chapter that are necessary. The county auditor shall
 29 keep separately on the tax duplicate the amount of any reductions made
 30 under this subsection. The maximum amount of the reduction
 31 authorized under this subsection is determined under subsection (e).

32 (e) The amount of the reduction in a taxing ~~unit's~~ **district's net**
 33 assessed value for a calendar year under subsection (d) may not exceed
 34 two percent (2%) of the **net** assessed value of tangible property subject
 35 to assessment in the taxing ~~unit~~ **district** in that calendar year.

36 (f) The amount of a reduction under subsection (d) may not be
 37 offered in a proceeding before the:

38 (1) county property tax assessment board of appeals;

39 (2) Indiana board; or

40 (3) Indiana tax court;

41 as evidence that a particular parcel has been improperly assessed.

42 SECTION 21. IC 6-1.1-17-1, AS AMENDED BY P.L.1-2010,
 43 SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 44 JULY 1, 2012]: Sec. 1. (a) On or before August 1 of each year, the
 45 county auditor shall send a certified statement, under the seal of the
 46 board of county commissioners, to the fiscal officer of each political
 47 subdivision of the county and the department of local government
 48 finance. The statement shall contain:

49 (1) information concerning the assessed valuation in the political
 50 subdivision for the next calendar year;

- 1 (2) an estimate of the taxes to be distributed to the political
 2 subdivision during the last six (6) months of the current calendar
 3 year;
 4 (3) the current assessed valuation as shown on the abstract of
 5 charges;
 6 (4) the average growth in assessed valuation in the political
 7 subdivision over the preceding three (3) budget years, excluding
 8 years in which a general reassessment occurs, determined
 9 according to procedures established by the department of local
 10 government finance;
 11 (5) the amount of the political subdivision's **net** assessed
 12 valuation reduction determined under section 0.5(d) of this
 13 chapter;
 14 (6) for counties with taxing units that cross into or intersect with
 15 other counties, the assessed valuation as shown on the most
 16 current abstract of property; and
 17 (7) any other information at the disposal of the county auditor that
 18 might affect the assessed value used in the budget adoption
 19 process.
- 20 (b) The estimate of taxes to be distributed shall be based on:
- 21 (1) the abstract of taxes levied and collectible for the current
 22 calendar year, less any taxes previously distributed for the
 23 calendar year; and
 24 (2) any other information at the disposal of the county auditor
 25 which might affect the estimate.
- 26 (c) The fiscal officer of each political subdivision shall present the
 27 county auditor's statement to the proper officers of the political
 28 subdivision.
- 29 (d) Subject to subsection (e), after the county auditor sends a
 30 certified statement under subsection (a) or an amended certified
 31 statement under this subsection with respect to a political subdivision
 32 and before the department of local government finance certifies its
 33 action with respect to the political subdivision under section 16(f) of
 34 this chapter, the county auditor may amend the information concerning
 35 assessed valuation included in the earlier certified statement. The
 36 county auditor shall send a certified statement amended under this
 37 subsection, under the seal of the board of county commissioners, to:
- 38 (1) the fiscal officer of each political subdivision affected by the
 39 amendment; and
 40 (2) the department of local government finance.
- 41 (e) Except as provided in subsection (f), before the county auditor
 42 makes an amendment under subsection (d), the county auditor must
 43 provide an opportunity for public comment on the proposed
 44 amendment at a public hearing. The county auditor must give notice of
 45 the hearing under IC 5-3-1. If the county auditor makes the amendment
 46 as a result of information provided to the county auditor by an assessor,
 47 the county auditor shall give notice of the public hearing to the
 48 assessor.
- 49 (f) The county auditor is not required to hold a public hearing under
 50 subsection (e) if:

- 1 (1) the amendment under subsection (d) is proposed to correct a
 2 mathematical error made in the determination of the amount of
 3 assessed valuation included in the earlier certified statement;
 4 (2) the amendment under subsection (d) is proposed to add to the
 5 amount of assessed valuation included in the earlier certified
 6 statement assessed valuation of omitted property discovered after
 7 the county auditor sent the earlier certified statement; or
 8 (3) the county auditor determines that the amendment under
 9 subsection (d) will not result in an increase in the tax rate or tax
 10 rates of the political subdivision.

11 SECTION 22. IC 6-1.1-17-1, AS AMENDED BY SEA 19-2012,
 12 SECTION 33, AND AS AMENDED BY EHB 1072-2012, SECTION
 13 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 14 JANUARY 1, 2013]: Sec. 1. (a) On or before August 1 of each year,
 15 the county auditor shall send a certified statement, under the seal of the
 16 board of county commissioners, to the fiscal officer of each political
 17 subdivision of the county and the department of local government
 18 finance. The statement ~~shall~~ **must** contain:

- 19 (1) information concerning the assessed valuation in the political
 20 subdivision for the next calendar year;
 21 (2) an estimate of the taxes to be distributed to the political
 22 subdivision during the last six (6) months of the current calendar
 23 year;
 24 (3) the current assessed valuation as shown on the abstract of
 25 charges;
 26 (4) the average growth in assessed valuation in the political
 27 subdivision over the preceding three (3) budget years, adjusted
 28 according to procedures established by the department of local
 29 government finance to account for reassessment under
 30 IC 6-1.1-4-4 or IC 6-1.1-4-4.2;
 31 (5) the amount of the political subdivision's net assessed valuation
 32 reduction determined under section 0.5(d) of this chapter;
 33 (6) for counties with taxing units that cross into or intersect with
 34 other counties, the assessed valuation as shown on the most
 35 current abstract of property; and
 36 (7) any other information at the disposal of the county auditor that
 37 might affect the assessed value used in the budget adoption
 38 process.

39 (b) The estimate of taxes to be distributed shall be based on:

- 40 (1) the abstract of taxes levied and collectible for the current
 41 calendar year, less any taxes previously distributed for the
 42 calendar year; and
 43 (2) any other information at the disposal of the county auditor
 44 which might affect the estimate.

45 (c) The fiscal officer of each political subdivision shall present the
 46 county auditor's statement to the proper officers of the political
 47 subdivision.

48 (d) Subject to subsection (e), after the county auditor sends a
 49 certified statement under subsection (a) or an amended certified
 50 statement under this subsection with respect to a political subdivision

1 and before the department of local government finance certifies its
 2 action with respect to the political subdivision under section 16(f) of
 3 this chapter, the county auditor may amend the information concerning
 4 assessed valuation included in the earlier certified statement. The
 5 county auditor shall send a certified statement amended under this
 6 subsection, under the seal of the board of county commissioners, to:

- 7 (1) the fiscal officer of each political subdivision affected by the
 8 amendment; and
- 9 (2) the department of local government finance.

10 (e) Except as provided in subsection (f), before the county auditor
 11 makes an amendment under subsection (d), the county auditor must
 12 provide an opportunity for public comment on the proposed
 13 amendment at a public hearing. The county auditor must give notice of
 14 the hearing under IC 5-3-1. If the county auditor makes the amendment
 15 as a result of information provided to the county auditor by an assessor,
 16 the county auditor shall give notice of the public hearing to the
 17 assessor.

18 (f) The county auditor is not required to hold a public hearing under
 19 subsection (e) if:

- 20 (1) the amendment under subsection (d) is proposed to correct a
 21 mathematical error made in the determination of the amount of
 22 assessed valuation included in the earlier certified statement;
- 23 (2) the amendment under subsection (d) is proposed to add to the
 24 amount of assessed valuation included in the earlier certified
 25 statement assessed valuation of omitted property discovered after
 26 the county auditor sent the earlier certified statement; or
- 27 (3) the county auditor determines that the amendment under
 28 subsection (d) will not result in an increase in the tax rate or tax
 29 rates of the political subdivision.

30 SECTION 23. IC 6-1.1-17-3, AS AMENDED BY P.L.182-2009(ss),
 31 SECTION 114, IS AMENDED TO READ AS FOLLOWS
 32 [EFFECTIVE JULY 1, 2012]: Sec. 3. (a) The proper officers of a
 33 political subdivision shall formulate its estimated budget and its
 34 proposed tax rate and tax levy on the form prescribed by the
 35 department of local government finance and approved by the state
 36 board of accounts. The political subdivision **or appropriate fiscal**
 37 **body, if the political subdivision is subject to section 20 of this**
 38 **chapter**, shall give notice by publication to taxpayers of:

- 39 (1) the estimated budget;
- 40 (2) the estimated maximum permissible levy;
- 41 (3) the current and proposed tax levies of each fund; and
- 42 (4) the amounts of excessive levy appeals to be requested.

43 ~~In the notice~~, The political subdivision **or appropriate fiscal body**
 44 shall also state the time and place at which **the political subdivision**
 45 **or appropriate fiscal body will hold** a public hearing ~~will be held~~ on
 46 these items. The **political subdivision or appropriate fiscal body**
 47 **shall publish the notice** ~~shall be published~~ twice in accordance with
 48 IC 5-3-1 with the first publication at least ten (10) days before the date
 49 fixed for the public hearing. ~~Beginning in 2009, The duties required by~~
 50 ~~this subsection must be completed before September 10 of the calendar~~

1 **year. The first publication must be before September 14, and the**
 2 **second publication must be before September 21 of the year. The**
 3 **political subdivision shall pay for the publishing of the notice.**

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

- 7 (1) in any county of the solid waste management district; and
 8 (2) in accordance with the annual notice of meetings published
 9 under IC 13-21-5-2.

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

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

- 21 ~~(1) The cost of child services (as defined in IC 12-19-7-1) of the~~
 22 ~~county payable from the family and children's fund.~~
 23 ~~(2) The cost of children's psychiatric residential treatment~~
 24 ~~services (as defined in IC 12-19-7.5-1) of the county payable from~~
 25 ~~the children's psychiatric residential treatment services fund.~~

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

31 SECTION 24. IC 6-1.1-17-3.5, AS AMENDED BY
 32 P.L.182-2009(ss), SECTION 115, IS AMENDED TO READ AS
 33 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 3.5. (a) This section
 34 does not apply to ~~civil~~ taxing units located in a county in which a
 35 county board of tax adjustment reviews budgets, tax rates, and tax
 36 levies. This section does not apply to a ~~civil~~ taxing unit that has its
 37 proposed budget and proposed property tax levy approved under
 38 section 20 or **20.3** of this chapter or IC 36-3-6-9.

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

- 45 (1) A statement of the proposed or estimated tax rate and tax levy
 46 for the ~~civil~~ taxing unit for the ensuing budget year. ~~and~~
 47 (2) **In the case of a taxing unit other than a school**
 48 **corporation**, a copy of the ~~civil~~ taxing unit's proposed budget for
 49 the ensuing budget year.

50 (c) In the case of a ~~civil~~ taxing unit located in more than one (1)

1 county, the ~~civil~~ taxing unit shall file the information under subsection
 2 (b) with the fiscal body of the county in which the greatest part of the
 3 ~~civil~~ taxing unit's net assessed valuation is located.

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

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

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

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

19 ~~(2) (3) In the case of a taxing unit other than a school~~
 20 **corporation, issue a nonbinding recommendation to a civil taxing**
 21 **unit regarding the civil taxing unit's proposed or estimated tax rate**
 22 **or tax levy or proposed budget.**

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

26 (1) the average increase in Indiana nonfarm personal income for
 27 the preceding six (6) calendar years and the average increase in
 28 nonfarm personal income for the county for the preceding six (6)
 29 calendar years; and

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

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

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

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

45 SECTION 25. IC 6-1.1-17-8.5, AS ADDED BY P.L.154-2006,
 46 SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 47 JULY 1, 2012]: Sec. 8.5. (a) If a county auditor reduces a taxing unit's
 48 **net** assessed valuation under section 0.5(d) of this chapter, the
 49 department of local government finance shall, in the manner prescribed
 50 in section 16 of this chapter, review the budget, tax rate, and tax levy

1 of the taxing unit.

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

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

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

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

12 SECTION 26. IC 6-1.1-17-16, AS AMENDED BY
13 P.L.182-2009(ss), SECTION 123, IS AMENDED TO READ AS
14 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 16. (a) Subject to the
15 limitations and requirements prescribed in this section, the department
16 of local government finance may revise, reduce, or increase a political
17 subdivision's budget by fund, tax rate, or tax levy which the department
18 reviews under section 8 or 10 of this chapter.

19 (b) Subject to the limitations and requirements prescribed in this
20 section, the department of local government finance may review,
21 revise, reduce, or increase the budget by fund, tax rate, or tax levy of
22 any of the political subdivisions whose tax rates compose the aggregate
23 tax rate within a political subdivision whose budget, tax rate, or tax
24 levy is the subject of an appeal initiated under this chapter.

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

42 (d) Except as provided in subsection (i), IC 20-46, or IC 6-1.1-18.5,
43 the department of local government finance may not increase a political
44 subdivision's budget by fund, tax rate, or tax levy to an amount which
45 exceeds the amount originally fixed by the political subdivision.
46 However, if the department of local government finance determines
47 that IC 5-3-1-2.3(b) applies to the tax rate, tax levy, or budget of the
48 political subdivision, the maximum amount by which the department
49 may increase the tax rate, tax levy, or budget is the amount originally
50 fixed by the political subdivision, and not the amount that was

1 incorrectly published or omitted in the notice described in
 2 IC 5-3-1-2.3(b). The department of local government finance shall give
 3 the political subdivision ~~written~~ notification **electronically in the**
 4 **manner prescribed by the department of local government finance**
 5 specifying any revision, reduction, or increase the department proposes
 6 in a political subdivision's tax levy or tax rate. The political subdivision
 7 has ten (10) calendar days from the date the political subdivision
 8 receives the notice to provide a ~~written~~ response **to electronically in**
 9 **the manner prescribed by** the department of local government
 10 ~~finance's Indianapolis office.~~ **finance.** The response may include
 11 budget reductions, reallocation of levies, a revision in the amount of
 12 miscellaneous revenues, and further review of any other item about
 13 which, in the view of the political subdivision, the department is in
 14 error. The department of local government finance shall consider the
 15 adjustments as specified in the political subdivision's response if the
 16 response is provided as required by this subsection and shall deliver a
 17 final decision to the political subdivision.

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

- 22 (1) no bonds of the building corporation are outstanding; or
- 23 (2) the building corporation has enough legally available funds on
 24 hand to redeem all outstanding bonds payable from the particular
 25 lease rental levy requested.

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

- 28 (1) the county auditor;
- 29 (2) the political subdivision if the department acts pursuant to an
 30 appeal initiated by the political subdivision;
- 31 (3) the taxpayer that initiated an appeal under section 13 of this
 32 chapter, or, if the appeal was initiated by multiple taxpayers, the
 33 first ten (10) taxpayers whose names appear on the statement filed
 34 to initiate the appeal; and
- 35 (4) a taxpayer that owns property that represents at least ten
 36 percent (10%) of the taxable assessed valuation in the political
 37 subdivision.

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

- 41 (1) If the department acts under an appeal initiated by a political
 42 subdivision, the political subdivision.
- 43 (2) If the department:
 - 44 (A) acts under an appeal initiated by one (1) or more taxpayers
 45 under section 13 of this chapter; or
 - 46 (B) fails to act on the appeal before the department certifies its
 47 action under subsection (f);
 a taxpayer who signed the statement filed to initiate the appeal.
- 48 (3) If the department acts under an appeal initiated by the county
 49 auditor under section 14 of this chapter, the county auditor.

- 1 (4) A taxpayer that owns property that represents at least ten
 2 percent (10%) of the taxable assessed valuation in the political
 3 subdivision.
- 4 The petition must be filed in the tax court not more than forty-five (45)
 5 days after the department certifies its action under subsection (f).
- 6 (h) The department of local government finance is expressly
 7 directed to complete the duties assigned to it under this section not later
 8 than February 15th of each year for taxes to be collected during that
 9 year.
- 10 (i) Subject to the provisions of all applicable statutes, the
 11 department of local government finance may increase a political
 12 subdivision's tax levy to an amount that exceeds the amount originally
 13 fixed by the political subdivision if the increase is:
- 14 (1) requested in writing by the officers of the political
 15 subdivision;
- 16 (2) either:
- 17 (A) based on information first obtained by the political
 18 subdivision after the public hearing under section 3 of this
 19 chapter; or
- 20 (B) results from an inadvertent mathematical error made in
 21 determining the levy; and
- 22 (3) published by the political subdivision according to a notice
 23 provided by the department.
- 24 (j) The department of local government finance shall annually
 25 review the budget by fund of each school corporation not later than
 26 April 1. The department of local government finance shall give the
 27 school corporation written notification specifying any revision,
 28 reduction, or increase the department proposes in the school
 29 corporation's budget by fund. A public hearing is not required in
 30 connection with this review of the budget.
- 31 (k) The department of local government finance may hold a hearing
 32 under subsection (c) only if the notice required in section 12 of this
 33 chapter is published at least ten (10) days before the date of the
 34 hearing.
- 35 SECTION 27. IC 6-1.1-17-20, AS AMENDED BY P.L.113-2010,
 36 SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 37 JULY 1, 2012]: Sec. 20. (a) This section applies to each governing
 38 body of a taxing unit that
- 39 (1) is not comprised of a majority of officials who are elected to
 40 serve on the governing body. ~~and~~
- 41 (2) either:
- 42 (A) is:
- 43 (i) a conservancy district subject to IC 14-33-9;
 44 (ii) a solid waste management district subject to IC 13-21;
 45 or
- 46 (iii) a fire protection district subject to IC 36-8-11-18; or
- 47 (B) has a percentage increase in the proposed budget for the
 48 taxing unit for the ensuing calendar year that is more than the
 49 result of:
- 50 (i) the assessed value growth quotient determined under

1 ~~IC 6-1.1-18.5-2 for the ensuing calendar year; minus~~
 2 ~~(ii) one (1):~~

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

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

13 (c) If:

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

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

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

32 (d) If subsection (c) does not apply, the governing body of the taxing
 33 unit shall submit its proposed budget and property tax levy to the
 34 county fiscal body in the county where the taxing unit has the most
 35 assessed valuation. The proposed budget and levy shall be submitted
 36 ~~at least thirty (30) days before the county fiscal body is required to hold~~
 37 ~~budget approval hearings under this chapter: to the county fiscal body~~
 38 **in the manner prescribed by the department of local government**
 39 **finance before September 2 of a year.**

40 (e) The fiscal body of the city, town, or county (whichever applies)
 41 shall review each budget and proposed tax levy and adopt a final
 42 budget and tax levy for the taxing unit. The fiscal body may reduce or
 43 modify but not increase the proposed budget or tax levy.

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

49 (g) If the appropriate fiscal body fails to complete the requirements
 50 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 28. 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 only to the 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 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 in the manner prescribed by the department of local government finance before September 2 of a year. 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 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 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

1 subsection (c) or (d), whichever applies, with the appropriate fiscal
 2 body by the time prescribed by this section, the most recent annual
 3 appropriations and annual tax levy of that public library are
 4 continued for the ensuing budget year.

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

11 SECTION 29. IC 6-1.1-18-5 IS AMENDED TO READ AS
 12 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 5. (a) If the proper
 13 officers of a political subdivision desire to appropriate more money for
 14 a particular year than the amount prescribed in the budget for that year
 15 as finally determined under this article, they shall give notice of their
 16 proposed additional appropriation. The notice shall state the time and
 17 place at which a public hearing will be held on the proposal. The notice
 18 shall be given once in accordance with IC 5-3-1-2(b).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28 **(k) This subsection applies to a public library that:**

29 **(1) is required to submit the public library's budgets, tax**
 30 **rates, and tax levies for nonbinding review under**
 31 **IC 6-1.1-17-3.5; and**

32 **(2) is not required to submit the public library's budgets, tax**
 33 **rates, and tax levies for binding review and approval under**
 34 **IC 6-1.1-17-20.**

35 **If a public library subject to this subsection proposes to make an**
 36 **additional appropriation for a year, and the additional**
 37 **appropriation would result in the budget for the library for that**
 38 **year increasing (as compared to the previous year) by a percentage**
 39 **that is greater than the result of the assessed value growth quotient**
 40 **determined under IC 6-1.1-18.5-2 for the calendar year minus one**
 41 **(1), the additional appropriation must first be approved by the city,**
 42 **town, or county fiscal body described in IC 6-1.1-17-20.3(c) or**
 43 **IC 6-1.1-17-20(d), as appropriate.**

44 SECTION 30. IC 6-1.1-18-12, AS AMENDED BY P.L.172-2011,
 45 SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 46 JANUARY 1, 2013]: Sec. 12. (a) For purposes of this section,
 47 "maximum rate" refers to the maximum:

48 (1) property tax rate or rates; or

49 (2) special benefits tax rate or rates;

50 referred to in the statutes listed in subsection (d).

51 (b) The maximum rate for taxes first due and payable after 2003 is

- 1 the maximum rate that would have been determined under subsection
2 (e) for taxes first due and payable in 2003 if subsection (e) had applied
3 for taxes first due and payable in 2003.
- 4 (c) The maximum rate must be adjusted each year to account for the
5 change in assessed value of real property that results from:
6 (1) an annual adjustment of the assessed value of real property
7 under IC 6-1.1-4-4.5; or
8 (2) a general reassessment of real property under IC 6-1.1-4-4.
- 9 (d) The statutes to which subsection (a) refers are:
10 (1) IC 8-10-5-17;
11 (2) IC 8-22-3-11;
12 (3) IC 8-22-3-25;
13 (4) IC 12-29-1-1;
14 (5) IC 12-29-1-2;
15 (6) IC 12-29-1-3;
16 (7) IC 12-29-3-6;
17 (8) IC 13-21-3-12;
18 (9) IC 13-21-3-15;
19 (10) IC 14-27-6-30;
20 (11) IC 14-33-7-3;
21 (12) IC 14-33-21-5;
22 (13) IC 15-14-7-4;
23 (14) IC 15-14-9-1;
24 (15) IC 15-14-9-2;
25 (16) IC 16-20-2-18;
26 (17) IC 16-20-4-27;
27 (18) IC 16-20-7-2;
28 (19) IC 16-22-14;
29 (20) IC 16-23-1-29;
30 (21) IC 16-23-3-6;
31 (22) IC 16-23-4-2;
32 (23) IC 16-23-5-6;
33 (24) IC 16-23-7-2;
34 (25) IC 16-23-8-2;
35 (26) IC 16-23-9-2;
36 (27) IC 16-41-15-5;
37 (28) IC 16-41-33-4;
38 (29) IC 20-46-2-3 (before its repeal on January 1, 2009);
39 (30) IC 20-46-6-5;
40 (31) IC 20-49-2-10;
41 (32) IC 36-1-19-1;
42 (33) IC 23-14-66-2;
43 (34) IC 23-14-67-3;
44 (35) IC 36-7-13-4;
45 (36) IC 36-7-14-28;
46 (37) IC 36-7-15.1-16;
47 (38) IC 36-8-19-8.5;
48 (39) IC 36-9-6.1-2;
49 (40) IC 36-9-17.5-4;
50 (41) IC 36-9-27-73;

- 1 (42) IC 36-9-29-31;
 2 (43) IC 36-9-29.1-15;
 3 (44) IC 36-10-6-2;
 4 (45) IC 36-10-7-7;
 5 (46) IC 36-10-7-8;
 6 (47) IC 36-10-7.5-19;
 7 (48) IC 36-10-13-5;
 8 (49) IC 36-10-13-7;
 9 (50) IC 36-10-14-4;
 10 (51) IC 36-12-7-7;
 11 (52) IC 36-12-7-8;
 12 (53) IC 36-12-12-10;
 13 **(54) a statute listed in IC 6-1.1-18.5-9.8; and**
 14 ~~(54)~~ **(55) any statute enacted after December 31, 2003, that:**
 15 (A) establishes a maximum rate for any part of the:
 16 (i) property taxes; or
 17 (ii) special benefits taxes;
 18 imposed by a political subdivision; and
 19 (B) does not exempt the maximum rate from the adjustment
 20 under this section.
 21 **(e) For property tax rates imposed for property taxes first due**
 22 **and payable after December 31, 2012,** the new maximum rate under
 23 a statute listed in subsection (d) is the tax rate determined under STEP
 24 **SEVEN EIGHT** of the following STEPS:
 25 STEP ONE: **Except as provided in subsection (g),** determine the
 26 maximum rate for the political subdivision levying a property tax
 27 or special benefits tax under the statute for the year preceding the
 28 year in which the annual adjustment or general reassessment takes
 29 effect.
 30 STEP TWO: ~~Except as provided in subsection (g);~~ Determine the
 31 actual percentage change (rounded to the nearest one-hundredth
 32 percent (0.01%)) in the assessed value (before the adjustment, if
 33 any, under IC 6-1.1-4-4.5) of the taxable property from the year
 34 preceding the year the annual adjustment or general reassessment
 35 takes effect to the year that the annual adjustment or general
 36 reassessment takes effect.
 37 STEP THREE: Determine the three (3) calendar years that
 38 immediately precede the ensuing calendar year and in which a
 39 statewide general reassessment of real property does not first take
 40 effect.
 41 STEP FOUR: ~~Except as provided in subsection (g);~~ Compute
 42 separately, for each of the calendar years determined in STEP
 43 THREE, the actual percentage change (rounded to the nearest
 44 one-hundredth percent (0.01%)) in the assessed value (before the
 45 adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property
 46 from the preceding year.
 47 STEP FIVE: Divide the sum of the three (3) quotients computed
 48 in STEP FOUR by three (3).
 49 **STEP SIX: Determine the greater of the following:**
 50 **(A) Zero (0).**

- 1 **(B) The STEP FIVE result.**
 2 STEP ~~SIX~~: **SEVEN**: Determine the greater of the following:
 3 (A) Zero (0).
 4 (B) The result of the STEP TWO percentage minus the STEP
 5 ~~FIVE SIX~~ percentage.
 6 STEP ~~SEVEN~~: **EIGHT**: Determine the quotient of the STEP
 7 ONE tax rate divided by the sum of one (1) plus the STEP ~~SIX~~
 8 **SEVEN** percentage. ~~increase~~.
 9 (f) The department of local government finance shall compute the
 10 maximum rate allowed under subsection (e) and provide the rate to
 11 each political subdivision with authority to levy a tax under a statute
 12 listed in subsection (d).
 13 ~~(g) This subsection applies to STEP TWO and STEP FOUR of~~
 14 ~~subsection (e) for taxes first due and payable after 2011. If the assessed~~
 15 ~~value change used in the STEPS was not an increase, the STEPS are~~
 16 ~~applied using instead:~~
 17 ~~(1) the actual percentage decrease (rounded to the nearest~~
 18 ~~one-hundredth percent (0.01%)) in the assessed value (before the~~
 19 ~~adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property;~~
 20 ~~or~~
 21 ~~(2) zero (0) if the assessed value did not increase or decrease.~~
 22 **(g) This subsection applies only when calculating the maximum**
 23 **rate for taxes due and payable in calendar year 2013. The STEP**
 24 **ONE result is the greater of the following:**
 25 **(1) The actual maximum rate established for property taxes**
 26 **first due and payable in calendar year 2012.**
 27 **(2) The maximum rate that would have been established for**
 28 **property taxes first due and payable in calendar year 2012 if**
 29 **the maximum rate had been established under the formula**
 30 **under this section, as amended in the 2012 session of the**
 31 **general assembly.**
 32 SECTION 31. IC 6-1.1-18-12.5 IS ADDED TO THE INDIANA
 33 CODE AS A NEW SECTION TO READ AS FOLLOWS
 34 [EFFECTIVE UPON PASSAGE]: **Sec. 12.5. (a) The following**
 35 **definitions apply throughout this section:**
 36 **(1) "Covered cumulative or capital projects fund" refers to a**
 37 **fund:**
 38 **(A) that was listed in a prior cumulative or capital projects**
 39 **fund adjustment law; and**
 40 **(B) for which the ad valorem property tax rate certified by**
 41 **the department of local government finance for property**
 42 **taxes first due and payable in calendar year 2012 is equal**
 43 **to the maximum tax rate permitted by law after the**
 44 **applicable prior cumulative or capital projects fund**
 45 **adjustment law.**
 46 **(2) "Fiscal body" has the meaning set forth in IC 36-1-2-6.**
 47 **(3) "Office" refers to the office of management and budget.**
 48 **(4) "Prior assessed value adjustment law" refers to section 12**
 49 **of this chapter, section 13 of this chapter (repealed), and**
 50 **IC 6-1.1-18.5-9.8, as effective on January 1, 2012, before the**
 51 **application of the amendments made by HEA 1072-2012.**

1 (5) "Current assessed value adjustment law" refers to section
 2 12 of this chapter, as effective January 1, 2013, after applying
 3 the amendments made by HEA 1072-2012.

4 (b) Before June 1, 2012, the office shall calculate and certify to
 5 a taxing unit's fiscal body (for each of a taxing unit's covered
 6 cumulative or capital projects funds) the greater of zero (0) or the
 7 result of:

8 (1) the amount of the property tax levy that could have been
 9 imposed for the covered cumulative or capital projects fund
 10 for property taxes first due and payable in 2012, if the taxing
 11 unit had imposed the maximum property tax rate that would
 12 have been permitted by law after applying the current
 13 assessed value adjustment law as if the current assessed value
 14 adjustment law had been in effect and applied to the
 15 calculation in calendar year 2012; minus

16 (2) the amount of the property tax levy that results from the
 17 property tax rate that the department of local government
 18 certified under IC 6-1.1-17-16 for the covered cumulative or
 19 capital projects fund for property taxes first due and payable
 20 in calendar year 2012, after applying the prior assessed value
 21 adjustment law.

22 (c) After receiving the certifications required under subsection
 23 (b), the taxing unit's fiscal body may, for one (1) or more of the
 24 taxing unit's covered cumulative or capital projects funds, adopt
 25 an ordinance or a resolution to request a loan under this section to
 26 replace part or all of the amount certified under this section to the
 27 taxing unit for the fund or funds. To be eligible for a loan under
 28 this section, the resolution must:

29 (1) identify each covered cumulative or capital projects fund
 30 for which the taxing unit is seeking a loan;

31 (2) specify the amount of the loan that the taxing unit is
 32 seeking for each covered cumulative or capital projects fund;

33 (3) agree to impose a property tax levy in calendar year 2013
 34 for the taxing unit's debt service fund to repay in compliance
 35 with this section the total amount loaned; and

36 (4) be certified and received by the office before July 1, 2012.

37 (d) If the office receives before July 1, 2012, a certified
 38 ordinance or resolution that qualifies the taxing unit for a loan
 39 under this section, the office shall, before July 15, 2012, distribute
 40 to the taxing unit from the state general fund the lesser of the
 41 following for each covered cumulative or capital projects fund for
 42 which the taxing unit has requested a loan:

43 (1) The amount requested.

44 (2) The amount that the office certified for that fund.

45 No interest or fee may be charged on the amount loaned under this
 46 subsection. An amount sufficient to make the distributions
 47 required by this section are appropriated to the office from the
 48 state general fund in the state fiscal year beginning July 1, 2012,
 49 and ending June 30, 2013.

50 (e) A taxing unit that receives a loan under this section for one
 51 (1) or more covered cumulative or capital projects funds shall

1 deposit the loan in the covered cumulative or capital projects funds
 2 for which the taxing unit sought a loan, in proportion to the
 3 amount received for each fund. The amount deposited may be used
 4 for any of the lawful purposes of that fund.

5 (f) This subsection applies to a taxing unit that receives a loan
 6 under this section. The taxing unit is obligated to repay the amount
 7 distributed under this section. The taxing unit shall impose a
 8 property tax levy for the taxing unit's debt service fund for
 9 property taxes first due and payable in calendar year 2013, equal
 10 to the total amount loaned to the taxing unit under this section. The
 11 property tax levy under this subsection shall be treated as
 12 protected taxes (as defined in IC 6-1.1-20.6-9.8). The taxing unit
 13 shall repay the total amount loaned to the taxing unit under this
 14 section in two (2) equal installments in calendar year 2013 with the
 15 first installment due on the June settlement date specified in
 16 6-1.1-27-3 and the second installment due on the December
 17 settlement specified in IC 6-1.1-27-3.

18 (g) This subsection does not apply to grants from the federal
 19 government. Upon the failure of a taxing unit to pay an installment
 20 of a loan under this section when due, the treasurer of state may
 21 withhold the amount of the unpaid installment, on the schedule
 22 determined by the office, from any funds held by the state that
 23 would otherwise be due to the taxing unit and deposit the amount
 24 in the fund from which the loan was made. If the amount is
 25 withheld from a distribution to the county auditor under IC 6-3.5
 26 or another statute that provides for the allocation of the
 27 distribution among more than one (1) taxing unit, the amount
 28 withheld reduces the allocation of only the taxing unit for which
 29 the amount was withheld.

30 (h) The amount of a loan does not create a debt of the taxing
 31 unit for purposes of the Constitution of the State of Indiana.

32 (i) This SECTION expires January 1, 2015.

33 SECTION 32. IC 6-1.1-18-13, AS AMENDED BY SEA 19-2012,
 34 SECTION 35, IS REPEALED [EFFECTIVE JANUARY 1, 2013]. See:
 35 13: (a) The maximum property tax rate levied under IC 20-46-6 by each
 36 school corporation for the school corporation's capital projects fund
 37 must be adjusted each year to account for the change in assessed value
 38 of real property that results from:

39 (1) an annual adjustment of the assessed value of real property
 40 under IC 6-1.1-4-4.5; or

41 (2) a general reassessment of real property under IC 6-1.1-4-4.

42 (b) The new maximum rate under this section is the tax rate
 43 determined under STEP SEVEN of the following formula:

44 STEP ONE: Determine the maximum rate for the school
 45 corporation for the year preceding the year in which the annual
 46 adjustment or general reassessment takes effect.

47 STEP TWO: Determine the actual percentage increase (rounded
 48 to the nearest one-hundredth percent (0.01%)) in the assessed
 49 value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the
 50 taxable property from the year preceding the year the annual
 51 adjustment or general reassessment takes effect to the year that

1 the annual adjustment or general reassessment is effective.

2 STEP THREE: Determine the three (3) calendar years that
3 immediately precede the ensuing calendar year and in which a
4 statewide general reassessment of real property does not first
5 become effective.

6 STEP FOUR: Compute separately, for each of the calendar years
7 determined in STEP THREE, the actual percentage increase
8 (rounded to the nearest one-hundredth percent (0.01%)) in the
9 assessed value (before the adjustment, if any, under
10 IC 6-1.1-4-4.5) of the taxable property from the preceding year.

11 STEP FIVE: Divide the sum of the three (3) quotients computed
12 in STEP FOUR by three (3).

13 STEP SIX: Determine the greater of the following:

14 (A) Zero (0);

15 (B) The result of the STEP TWO percentage minus the STEP
16 FIVE percentage.

17 STEP SEVEN: Determine the quotient of the STEP ONE tax rate
18 divided by the sum of one (1) plus the STEP SIX percentage
19 increase.

20 (c) The department of local government finance shall compute the
21 maximum rate allowed under subsection (b) and provide the rate to
22 each school corporation:

23 SECTION 33. IC 6-1.1-18.5-9.8, AS AMENDED BY P.L.172-2011,
24 SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
25 JANUARY 1, 2013]: Sec. 9.8. (a) For purposes of determining the
26 property tax levy limit imposed on a city, town, or county under section
27 3 of this chapter, the city, town, or county's ad valorem property tax
28 levy for a particular calendar year does not include an amount equal to
29 the lesser of:

30 (1) the amount of ad valorem property taxes that would be first
31 due and payable to the city, town, or county during the ensuing
32 calendar year if the taxing unit imposed the maximum permissible
33 property tax rate per one hundred dollars (\$100) of assessed
34 valuation that the civil taxing unit may impose for the particular
35 calendar year under the authority of IC 36-9-14.5 (in the case of
36 a county) or IC 36-9-15.5 (in the case of a city or town); or

37 (2) the excess, if any, of:

38 (A) the property taxes imposed by the city, town, or county
39 under the authority of:

40 IC 3-11-6-9;

41 IC 8-16-3;

42 IC 8-16-3.1;

43 IC 8-22-3-25;

44 IC 14-27-6-48;

45 IC 14-33-9-3;

46 IC 16-22-8-41;

47 IC 16-22-5-2 through IC 16-22-5-15;

48 IC 16-23-1-40;

49 IC 36-8-14;

50 IC 36-9-4-48;

- 1 IC 36-9-14;
 2 IC 36-9-14.5;
 3 IC 36-9-15;
 4 IC 36-9-15.5;
 5 IC 36-9-16;
 6 IC 36-9-16.5;
 7 IC 36-9-17;
 8 IC 36-9-26;
 9 IC 36-9-27-100;
 10 IC 36-10-3-21; or
 11 IC 36-10-4-36;
 12 that are first due and payable during the ensuing calendar year;
 13 over
 14 (B) the property taxes imposed by the city, town, or county
 15 under the authority of the citations listed in clause (A) that
 16 were first due and payable during calendar year 1984.
- 17 (b) The maximum property tax rate levied under the statutes listed
 18 in subsection (a) must be adjusted each year to account for the change
 19 in assessed value of real property that results from:
- 20 (1) an annual adjustment of the assessed value of real property
 21 under IC 6-1.1-4-4.5; or
 22 (2) a general reassessment of real property under IC 6-1.1-4-4.
- 23 (c) The new maximum rate under a statute listed in subsection (a)
 24 is the tax rate determined under STEP SEVEN of the following
 25 formula:
- 26 STEP ONE: Determine the maximum rate for the political
 27 subdivision levying a property tax under the statute for the year
 28 preceding the year in which the annual adjustment or general
 29 reassessment takes effect.
- 30 STEP TWO: Subject to subsection (c); determine the actual
 31 percentage change (rounded to the nearest one-hundredth percent
 32 (0.01%)) in the assessed value (before the adjustment, if any;
 33 under IC 6-1.1-4-4.5) of the taxable property from the year
 34 preceding the year the annual adjustment or general reassessment
 35 takes effect to the year that the annual adjustment or general
 36 reassessment is effective.
- 37 STEP THREE: Determine the three (3) calendar years that
 38 immediately precede the ensuing calendar year and in which a
 39 statewide general reassessment of real property does not first
 40 become effective.
- 41 STEP FOUR: Subject to subsection (c); compute separately, for
 42 each of the calendar years determined in STEP THREE, the actual
 43 percentage change (rounded to the nearest one-hundredth percent
 44 (0.01%)) in the assessed value (before the adjustment, if any;
 45 under IC 6-1.1-4-4.5) of the taxable property from the preceding
 46 year.
- 47 STEP FIVE: Divide the sum of the three (3) quotients computed
 48 in STEP FOUR by three (3).
- 49 STEP SIX: Determine the greater of the following:
 50 (A) Zero (0).

- 1 (B) The result of the STEP TWO percentage minus the STEP
2 FIVE percentage:
3 STEP SEVEN: Determine the quotient of the STEP ONE tax rate
4 divided by the sum of one (1) plus the STEP SIX percentage
5 increase:
6 (d) The department of local government finance shall compute the
7 maximum rate allowed under subsection (c) and provide the rate to
8 each political subdivision with authority to levy a tax under a statute
9 listed in subsection (a):
10 (e) This subsection applies to STEP TWO and STEP FOUR of
11 subsection (c) for taxes first due and payable after 2011. If the assessed
12 value change used in the STEPS was not an increase, the STEPS are
13 applied using instead:
14 (1) the actual percentage decrease (rounded to the nearest
15 one-hundredth percent (0.01%)) in the assessed value (before the
16 adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property;
17 or
18 (2) zero (0) if the assessed value did not increase or decrease:
19 SECTION 34. IC 6-1.1-18.5-9.9 IS REPEALED [EFFECTIVE
20 JANUARY 1, 2013]. Sec. 9-9: (a) The department of local government
21 finance shall adjust the maximum property tax rate levied under the
22 statutes listed in section 9.8(a) of this chapter, IC 20-46-3-6, or
23 IC 20-46-6-5 in each county for property taxes first due and payable in:
24 (1) 2004;
25 (2) the year the county first applies the deduction under
26 IC 6-1.1-12-41, if the county first applies that deduction for
27 property taxes first due and payable in 2005 or 2006; and
28 (3) 2007, if the county does not apply the deduction under
29 IC 6-1.1-12-41 for any year:
30 (b) If the county does not apply the deduction under IC 6-1.1-12-41
31 for property taxes first due and payable in 2004, the department shall
32 compute the adjustment under subsection (a)(1) to allow a levy for the
33 fund for which the property tax rate is levied that equals the levy that
34 would have applied for the fund if exemptions under
35 IC 6-1.1-10-29(b)(2) (repealed) did not apply for the 2003 assessment
36 date:
37 (c) If the county applies the deduction under IC 6-1.1-12-41 for
38 property taxes first due and payable in 2004, the department shall
39 compute the adjustment under subsection (a)(1) to allow a levy for the
40 fund for which the property tax rate is levied that equals the levy that
41 would have applied for the fund if:
42 (1) exemptions under IC 6-1.1-10-29(b)(2) (repealed); and
43 (2) deductions under IC 6-1.1-12-41;
44 did not apply for the 2003 assessment date:
45 (d) The department shall compute the adjustment under subsection
46 (a)(2) to allow a levy for the fund for which the property tax rate is
47 levied that equals the levy that would have applied for the fund if
48 deductions under IC 6-1.1-12-41 did not apply for the assessment date
49 of the year that immediately precedes the year for which the adjustment
50 is made:

1 (c) The department shall compute the adjustment under subsection
 2 (a)(3) to allow a levy for the fund for which the property tax rate is
 3 levied that equals the levy that would have applied for the fund if
 4 deductions under IC 6-1.1-12-42 did not apply for the 2006 assessment
 5 date.

6 SECTION 35. IC 6-1.1-20.6-9.8, AS ADDED BY P.L.172-2011,
 7 SECTION 42, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 8 JULY 1, 2012]: Sec. 9.8. (a) This section applies to property taxes first
 9 due and payable after December 31, 2009.

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

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

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

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

18 **of a political subdivision payable from ad valorem property**
 19 **taxes.**

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

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

25 (B) **Property taxes imposed by a political subdivision to**
 26 **pay for debt service obligations of a political subdivision**
 27 **that are not exempted from the application of a credit**
 28 **granted under section 7 or 7.5 of this chapter by section**
 29 **7(b), 7(c), 7.5(b), or 7.5(c) of this chapter or any other law.**
 30 **Property taxes described in this subsection are subject to**
 31 **the credit granted under section 7 or 7.5 of this chapter by**
 32 **section 7(b), 7(c), 7.5(b), or 7.5(c) regardless of their**
 33 **designation as protected taxes.**

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

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

45 SECTION 36. IC 6-1.1-20.6-10, AS AMENDED BY P.L.172-2011,
 46 SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 47 JULY 1, 2012]: Sec. 10. (a) As used in this section, "debt service
 48 obligations of a political subdivision" refers to:

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

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

1 leases;
 2 of a political subdivision payable from ad valorem property taxes.

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

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

22 (1) first from distributions of county adjusted gross income tax
 23 distributions under IC 6-3.5-1.1, county option income tax
 24 distributions under IC 6-3.5-6, or county economic development
 25 income tax distributions under IC 6-3.5-7 that would otherwise be
 26 distributed to the county under the schedule in IC 6-3.5-1.1-10,
 27 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,
 28 and IC 6-3.5-7-17.3; and

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

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

35 SECTION 37. IC 6-1.1-20.6-11, AS ADDED BY P.L.146-2008,
 36 SECTION 227, IS AMENDED TO READ AS FOLLOWS
 37 [EFFECTIVE JULY 1, 2012]: Sec. 11. The ~~county auditor of each~~
 38 ~~county shall certify to the~~ department of local government finance
 39 (1) ~~the total amount of credits that are allowed under this chapter~~
 40 ~~in the county for the calendar year; and~~
 41 (2) **shall annually publish a report on its Internet web site that**
 42 **lists** the amount that each taxing unit's distribution of property
 43 taxes will be reduced under section 9.5 of this chapter as a result
 44 of the granting of the credits.

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

1 SECTION 38. IC 6-1.1-21.8-5, AS AMENDED BY P.L.146-2008,
 2 SECTION 245, IS AMENDED TO READ AS FOLLOWS
 3 [EFFECTIVE JULY 1, 2012]: Sec. 5. The maximum amount that the
 4 board may loan to a qualified taxing unit is determined under STEP
 5 FOUR of the following formula:

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

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

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

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

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

21 SECTION 39. IC 6-1.1-30-17, AS ADDED BY SEA 19-2012,
 22 SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 23 JULY 1, 2012]: Sec. 17. (a) Except as provided in subsection (c) and
 24 subject to subsection (d), the department of state revenue and the
 25 auditor of state shall, when requested by the department of local
 26 government finance, withhold a percentage of the distributions of
 27 county adjusted gross income tax distributions under IC 6-3.5-1.1,
 28 county option income tax distributions under IC 6-3.5-6, or county
 29 economic development income tax distributions under IC 6-3.5-7 that
 30 would otherwise be distributed to the county under the schedules in
 31 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,
 32 IC 6-3.5-7-16, and IC 6-3.5-7-17.3, if:

33 ~~(1) local assessing officials have not provided information to the~~
 34 ~~department of local government finance in a timely manner under~~
 35 ~~IC 4-10-13-5(b);~~

36 ~~(2) (1) the county assessor has not transmitted to the department~~
 37 ~~of local government finance by October 1 of the year in which the~~
 38 ~~distribution is scheduled to be made the data for all townships in~~
 39 ~~the county required to be transmitted under IC 6-1.1-4-25;~~

40 ~~(3) (2) the county auditor has not paid a bill for services under~~
 41 ~~IC 6-1.1-4-31.5 to the department of local government finance in~~
 42 ~~a timely manner;~~

43 ~~(4) (3) the county assessor has not forwarded to the department of~~
 44 ~~local government finance in a timely manner sales disclosure~~
 45 ~~form data under IC 6-1.1-5.5-3;~~

46 ~~(5) (4) the county auditor has not forwarded to the department of~~
 47 ~~local government finance the duplicate copies of all approved~~
 48 ~~exemption applications required to be forwarded by that date~~
 49 ~~under IC 6-1.1-11-8(a);~~

50 ~~(6) (5) by the date the distribution is scheduled to be made, the~~

1 county auditor has not sent a certified statement required to be
 2 sent by that date under IC 6-1.1-17-1 to the department of local
 3 government finance;
 4 ~~(7)~~ **(6)** the county does not maintain a certified computer system
 5 that meets the requirements of IC 6-1.1-31.5-3.5;
 6 ~~(8)~~ **(7)** the county auditor has not transmitted the data described
 7 in IC 36-2-9-20 to the department of local government finance in
 8 the form and on the schedule specified by IC 36-2-9-20;
 9 ~~(9)~~ **(8)** the county has not established a parcel index numbering
 10 system under 50 IAC 23-8-1 in a timely manner;
 11 ~~(10)~~ **(9)** a county official has not provided other information to the
 12 department of local government finance in a timely manner as
 13 required by the department of local government finance; or
 14 ~~(11)~~ **(10)** the department of local government finance incurs
 15 additional costs to assist a covered county (as defined in
 16 IC 6-1.1-22.6-1) to issue tax statements within the time frame
 17 specified in IC 6-1.1-22.6-18(b) for each year that the county
 18 experienced delayed property taxes (as defined in
 19 IC 6-1.1-22.6-2) before the year in which the county qualifies as
 20 a covered county.

21 The percentage to be withheld is the percentage determined by the
 22 department of local government finance. However, the percentage
 23 withheld for a reason stated in subdivision ~~(11)~~ **(10)** may not exceed
 24 the percentage needed to reimburse the department of local government
 25 finance for the costs incurred by the department of local government
 26 finance to take the actions necessary to permit a covered county (as
 27 defined in IC 6-1.1-22.6-1) to issue reconciling tax statements for prior
 28 year delayed property taxes (as defined in IC 6-1.1-22.6-2) within the
 29 time frame specified in IC 6-1.1-22.6-18(b). The county governmental
 30 taxing unit of a covered county (as defined in IC 6-1.1-22.6-1) shall
 31 reimburse the department of local government finance for these
 32 expenses. The amount withheld under subdivision ~~(11)~~ **(10)** reduces
 33 only the amount that would otherwise be distributed to the county
 34 governmental taxing unit of a covered county (as defined in
 35 IC 6-1.1-22.6-1) and not money distributable to any other political
 36 subdivision. The withholding of an amount under subdivision ~~(11)~~ **(10)**
 37 does not relieve the county government of a covered county (as defined
 38 in IC 6-1.1-22.6-1) from making bond or lease payments that would
 39 otherwise be paid from withheld amounts or providing property tax
 40 credits that would otherwise be provided under IC 6-3.5 from withheld
 41 amounts. Subdivision ~~(11)~~ **(10)** does not apply to any county other than
 42 a covered county (as defined in IC 6-1.1-22.6-1).

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

47 (1) provide information; or
 48 (2) pay a bill for services;
 49 has been corrected.

50 (c) The restrictions on distributions under subsection (a) do not

1 apply if the department of local government finance determines that the
2 failure to:

- 3 (1) provide information; or
4 (2) pay a bill for services;

5 in a timely manner is justified by unusual circumstances.

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

10 (e) Money not distributed for the reason stated in subsection ~~(a)(3)~~
11 **(a)(2)** may be deposited in the fund established by IC 6-1.1-5.5-4.7(a).
12 Money deposited under this subsection is not subject to distribution
13 under subsection (b).

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

20 SECTION 40. IC 6-1.1-37-11 IS AMENDED TO READ AS
21 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 11. (a) If a taxpayer is
22 entitled to a property tax refund or credit because an assessment is
23 decreased, the taxpayer shall also be paid, or credited with, interest on
24 the excess taxes that ~~he the taxpayer~~ paid at the rate of four percent
25 (4%) per annum.

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

34 (c) This subsection applies if a taxpayer who is entitled to a refund
35 or credit does not make a written request for the refund or credit to the
36 county auditor within forty-five (45) days after the final determination
37 of the county property tax assessment board of appeals, the state board
38 of tax commissioners, the department of local government finance, the
39 Indiana board, or the tax court that entitles the taxpayer to the refund
40 or credit. In the case of a taxpayer described in this subsection, the
41 interest shall be computed from the date on which the taxes were paid
42 or due to the date that is forty-five (45) days after the final
43 determination of the county property tax assessment board of appeals,
44 the state board of tax commissioners, the department of local
45 government finance, the Indiana board of tax review, or the Indiana tax
46 court. In any event, a property tax refund or credit must be issued not
47 later than ninety (90) days after the request is received.

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

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

1 (2) hold a public hearing on the proposal;
 2 before presenting the proposal to the department of local government
 3 finance for approval.

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

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

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

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

17 SECTION 42. IC 6-1.1-41-5 IS REPEALED [EFFECTIVE JULY
 18 1, 2012]. Sec. 5: The department of local government finance shall
 19 require that a notice of submission under section 3 of this chapter be
 20 given to the taxpayers of the county. The notice shall be published in
 21 one (1) publication and posted in the same manner as required by
 22 section 3 of this chapter.

23 SECTION 43. IC 6-1.1-41-6 IS AMENDED TO READ AS
 24 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 6. Not later than noon
 25 thirty (30) days after the publication of the notice of adoption required
 26 by section 3 of this chapter:

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

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

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

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

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

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

43 SECTION 44. IC 6-1.1-41-9 IS AMENDED TO READ AS
 44 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 9. (a) After a hearing
 45 upon a proposal **under section 7 of this chapter**, the department of
 46 local government finance shall certify approval, disapproval, or
 47 modification of the proposal to the county auditor.

48 (b) A:

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

1 (2) political subdivision against which a petition under section 6
 2 of this chapter is filed;
 3 may petition for judicial review of the final determination of the
 4 department of local government finance under subsection (a). The
 5 petition must be filed in the tax court not more than forty-five (45) days
 6 after the department certifies its action under subsection (a).

7 SECTION 45. IC 6-2.3-4-7 IS ADDED TO THE INDIANA CODE
 8 AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE
 9 JANUARY 1, 2013]: **Sec. 7. Gross receipts are exempt from the**
 10 **utility receipts tax if the gross receipts are received by a taxpayer**
 11 **from an electricity supplier (as defined in IC 8-1-2.3-2) as payment**
 12 **of severance damages or other compensation resulting from a**
 13 **change in assigned service area boundaries under IC 8-1-2.3-6(1),**
 14 **IC 8-1-2.3-6(2), or IC 8-1-2.3-6(3).**

15 SECTION 46. IC 6-2.5-4-5, AS AMENDED BY HEA 1141-2012,
 16 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 17 JANUARY 1, 2012 (RETROACTIVE)]: Sec. 5. (a) As used in this
 18 section, a "power subsidiary" means a corporation which is owned or
 19 controlled by one (1) or more public utilities that furnish or sell
 20 electrical energy, natural or artificial gas, water, steam, or steam heat
 21 and which produces power exclusively for the use of those public
 22 utilities.

23 (b) A power subsidiary or a person engaged as a public utility is a
 24 retail merchant making a retail transaction when the subsidiary or
 25 person furnishes or sells electrical energy, natural or artificial gas,
 26 water, steam, or steam heating service to a person for commercial or
 27 domestic consumption.

28 (c) Notwithstanding subsection (b), a power subsidiary or a person
 29 engaged as a public utility is not a retail merchant making a retail
 30 transaction in any of the following transactions:

31 (1) The power subsidiary or person provides, installs, constructs,
 32 services, or removes tangible personal property which is used in
 33 connection with the furnishing of the services or commodities
 34 listed in subsection (b).

35 (2) The power subsidiary or person sells the services or
 36 commodities listed in subsection (b) to another public utility or
 37 power subsidiary described in this section or a person described
 38 in section 6 of this chapter.

39 (3) The power subsidiary or person sells the services or
 40 commodities listed in subsection (b) to a person for use in
 41 manufacturing, mining, production, **processing (after December**
 42 **31, 2012), repairing (after December 31, 2012), refining,**
 43 **recycling (as defined in IC 6-2.5-5-45.8),** oil extraction, mineral
 44 extraction, irrigation, agriculture, **floriculture (after December**
 45 **31, 2012), arboriculture (after December 31, 2012),** or
 46 horticulture. However, this exclusion for sales of the services and
 47 commodities only applies if the services are consumed as an
 48 essential and integral part of an integrated process that produces
 49 tangible personal property and those sales are separately metered
 50 for the excepted uses listed in this subdivision, or if those sales

1 are not separately metered but are predominately used by the
2 purchaser for the excepted uses listed in this subdivision.

3 (4) The power subsidiary or person sells the services or
4 commodities listed in subsection (b) and all the following
5 conditions are satisfied:

6 (A) The services or commodities are sold to a business that
7 after June 30, 2004:

8 (i) relocates all or part of its operations to a facility; or

9 (ii) expands all or part of its operations in a facility;

10 located in a military base (as defined in IC 36-7-30-1(c)), a
11 military base reuse area established under IC 36-7-30, the part
12 of an economic development area established under
13 IC 36-7-14.5-12.5 that is or formerly was a military base (as
14 defined in IC 36-7-30-1(c)), a military base recovery site
15 designated under IC 6-3.1-11.5, or a qualified military base
16 enhancement area established under IC 36-7-34.

17 (B) The business uses the services or commodities in the
18 facility described in clause (A) not later than five (5) years
19 after the operations that are relocated to the facility or
20 expanded in the facility commence.

21 (C) The sales of the services or commodities are separately
22 metered for use by the relocated or expanded operations.

23 (D) In the case of a business that uses the services or
24 commodities in a qualified military base enhancement area
25 established under IC 36-7-34-4(1), the business must satisfy at
26 least one (1) of the following criteria:

27 (i) The business is a participant in the technology transfer
28 program conducted by the qualified military base (as defined
29 in IC 36-7-34-3).

30 (ii) The business is a United States Department of Defense
31 contractor.

32 (iii) The business and the qualified military base have a
33 mutually beneficial relationship evidenced by a
34 memorandum of understanding between the business and
35 the United States Department of Defense.

36 (E) In the case of a business that uses the services or
37 commodities in a qualified military base enhancement area
38 established under IC 36-7-34-4(2), the business must satisfy at
39 least one (1) of the following criteria:

40 (i) The business is a participant in the technology transfer
41 program conducted by the qualified military base (as defined
42 in IC 36-7-34-3).

43 (ii) The business and the qualified military base have a
44 mutually beneficial relationship evidenced by a
45 memorandum of understanding between the business and
46 the qualified military base (as defined in IC 36-7-34-3).

47 However, this subdivision does not apply to a business that
48 substantially reduces or ceases its operations at another location
49 in Indiana in order to relocate its operations in an area described
50 in this subdivision, unless the department determines that the

1 business had existing operations in the area described in this
 2 subdivision and that the operations relocated to the area are an
 3 expansion of the business's operations in the area.

4 SECTION 47. IC 6-2.5-5-5.1, AS AMENDED BY P.L.172-2011,
 5 SECTION 50, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 6 JULY 1, 2012]: Sec. 5.1. (a) As used in this section, "tangible personal
 7 property" includes electrical energy, natural or artificial gas, water,
 8 steam, and steam heat.

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

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

21 SECTION 48. IC 6-2.5-5-9 IS AMENDED TO READ AS
 22 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 9. (a) As used in this
 23 section, "returnable containers" means containers customarily returned
 24 by the buyer of the contents for reuse as containers.

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

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

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

- 34 (1) selling the contents that ~~he the person~~ adds; or
 35 (2) **shipping or delivering tangible personal property that:**
 36 (A) **is owned by another person;**
 37 (B) **is processed or serviced for the owner; and**
 38 (C) **will be sold by that owner either in the same form or as**
 39 **a part of other tangible personal property produced by**
 40 **that owner in the owner's business of manufacturing,**
 41 **assembling, constructing, refining, or processing.**

42 SECTION 49. IC 6-2.5-5-30, AS AMENDED BY P.L.42-2011,
 43 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 44 JANUARY 1, 2012 (RETROACTIVE)]: Sec. 30. (a) Sales of tangible
 45 personal property are exempt from the state gross retail tax if:

46 (1) the property constitutes, is incorporated into, or is consumed
 47 in the operation of, a device, facility, or structure predominantly
 48 used and acquired for the purpose of complying with any state,
 49 local, or federal environmental quality statutes, regulations, or
 50 standards; and

51 (2) the person acquiring the property is engaged in the business

1 of manufacturing, processing, refining, mining, **recycling (as**
 2 **defined in section 45.8 of this chapter)**, or agriculture.

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

- 6 (1) the total sales price; multiplied by
 7 (2) one hundred percent (100%).

8 SECTION 50. IC 6-2.5-5-45.8 IS ADDED TO THE INDIANA
 9 CODE AS A NEW SECTION TO READ AS FOLLOWS
 10 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)]: **Sec. 45.8. (a)**
 11 **For purposes of this section, IC 6-2.5-4-5, and section 30 of this**
 12 **chapter, the following definitions apply:**

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

- 17 (A) **The demolition of improvements to real estate.**
 18 (B) **The processing of tangible personal property primarily**
 19 **for disposal in a licensed solid waste disposal facility rather**
 20 **than for sale.**
 21 (C) **The collection of recycling materials by licensed motor**
 22 **vehicles.**

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

- 25 (A) **is considered "scrap" by industry standards or has no**
 26 **more than scrap value;**
 27 (B) **is a byproduct of another person's manufacturing or**
 28 **production process;**
 29 (C) **was previously manufactured or incorporated into a**
 30 **product;**
 31 (D) **would otherwise reasonably be expected to be destined**
 32 **for disposal in a licensed solid waste disposal facility; or**
 33 (E) **has been removed or diverted from the solid waste**
 34 **stream for sale, use, or reuse as raw materials, regardless**
 35 **of whether or not the materials require subsequent**
 36 **processing or separation from each other.**

37 (3) **"Processing of recycling materials" means:**

- 38 (A) **the activities involved in collecting or otherwise**
 39 **receiving recycling materials and other tangible personal**
 40 **property; and**
 41 (B) **creating a product for sale by changing the original**
 42 **form, use, or composition of the property (whether**
 43 **manually, mechanically, chemically, or otherwise) through**
 44 **weighing, sorting, grading, separating, shredding,**
 45 **crushing, compacting, breaking, cutting, baling, shearing,**
 46 **torching, wire-stripping, or other means.**

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

- 49 (1) **the person acquiring that property acquires it for direct**
 50 **use in the direct processing of recycling materials; and**
 51 (2) **the person acquiring that property is occupationally**

- 1 **engaged in recycling.**
 2 **(c) Transactions involving recycling materials and other**
 3 **tangible personal property to be consumed in the processing of**
 4 **recycling materials or to become a part of the product produced by**
 5 **the processing of recycling materials are exempt from the state**
 6 **gross retail tax if:**
 7 **(1) the person acquiring that property acquires it for direct**
 8 **use in the direct processing of recycling materials; and**
 9 **(2) the person acquiring that property is occupationally**
 10 **engaged in recycling.**

11 SECTION 51. IC 6-2.5-6-1, AS AMENDED BY P.L.182-2009(ss),
 12 SECTION 180, IS AMENDED TO READ AS FOLLOWS
 13 [EFFECTIVE JANUARY 1, 2013]: Sec. 1. (a) Except as otherwise
 14 provided in this section, each person liable for collecting the state gross
 15 retail or use tax shall file a return for each calendar month and pay the
 16 state gross retail and use taxes that the person collects during that
 17 month. A person shall file the person's return for a particular month
 18 with the department and make the person's tax payment for that month
 19 to the department not more than thirty (30) days after the end of that
 20 month, if that person's average monthly liability for collections of state
 21 gross retail and use taxes under this section as determined by the
 22 department for the preceding calendar year did not exceed one
 23 thousand dollars (\$1,000). If a person's average monthly liability for
 24 collections of state gross retail and use taxes under this section as
 25 determined by the department for the preceding calendar year exceeded
 26 one thousand dollars (\$1,000), that person shall file the person's return
 27 for a particular month and make the person's tax payment for that
 28 month to the department not more than twenty (20) days after the end
 29 of that month.

30 ~~(b) If a person files a combined sales and withholding tax report and~~
 31 ~~either this section or IC 6-3-4-8.1 requires sales or withholding tax~~
 32 ~~reports to be filed and remittances to be made within twenty (20) days~~
 33 ~~after the end of each month, then the person shall file the combined~~
 34 ~~report and remit the sales and withholding taxes due within twenty (20)~~
 35 ~~days after the end of each month.~~

36 ~~(e)~~ **(b)** Instead of the twelve (12) monthly reporting periods required
 37 by subsection (a), the department may permit a person to divide a year
 38 into a different number of reporting periods. The return and payment
 39 for each reporting period is due not more than twenty (20) days after
 40 the end of the period.

41 ~~(d)~~ **(c)** Instead of the reporting periods required under subsection
 42 (a), the department may permit a retail merchant to report and pay the
 43 merchant's state gross retail and use taxes for a period covering a
 44 calendar year, if the retail merchant's state gross retail and use tax
 45 liability in the previous calendar year does not exceed one thousand
 46 dollars (\$1,000). A retail merchant using a reporting period allowed
 47 under this subsection must file the merchant's return and pay the
 48 merchant's tax for a reporting period not later than the last day of the
 49 month immediately following the close of that reporting period.

50 ~~(e)~~ **(d)** If a retail merchant reports the merchant's adjusted gross
 51 income tax, or the tax the merchant pays in place of the adjusted gross

1 income tax, over a fiscal year not corresponding to the calendar year,
 2 the merchant may, without prior departmental approval, report and pay
 3 the merchant's state gross retail and use taxes over the merchant's fiscal
 4 year that corresponds to the calendar year the merchant is permitted to
 5 use under subsection ~~(d)~~: (c). However, the department may, at any
 6 time, require the retail merchant to stop using the fiscal reporting
 7 period.

8 ~~(f) If a retail merchant files a combined sales and withholding tax~~
 9 ~~report, the reporting period for the combined report is the shortest~~
 10 ~~period required under:~~

11 ~~(1) this section;~~

12 ~~(2) IC 6-3-4-8; or~~

13 ~~(3) IC 6-3-4-8.1.~~

14 ~~(g)~~ (e) If the department determines that a person's:

15 (1) estimated monthly gross retail and use tax liability for the
 16 current year; or

17 (2) average monthly gross retail and use tax liability for the
 18 preceding year;

19 exceeds five thousand dollars (\$5,000), the person shall pay the
 20 monthly gross retail and use taxes due by electronic funds transfer (as
 21 defined in IC 4-8.1-2-7) or by delivering in person or by overnight
 22 courier a payment by cashier's check, certified check, or money order
 23 to the department. The transfer or payment shall be made on or before
 24 the date the tax is due.

25 ~~(h) (f) A person that registers as a retail merchant after December~~
 26 ~~31, 2009; shall report and remit state gross retail and use taxes through~~
 27 ~~the department's online tax filing program. This subsection does not~~
 28 ~~apply to a retail merchant that was a registered retail merchant before~~
 29 ~~January 1, 2010; but adds an additional place of business in accordance~~
 30 ~~with IC 6-2.5-8-1(e) after December 31, 2009.~~

31 ~~(i)~~ (g) A person:

32 (1) who has voluntarily registered as a seller under the
 33 Streamlined Sales and Use Tax Agreement;

34 (2) who is not a Model 1, Model 2, or Model 3 seller (as defined
 35 in the Streamlined Sales and Use Tax Agreement); and

36 (3) whose liability for collections of state gross retail and use
 37 taxes under this section for the preceding calendar year as
 38 determined by the department does not exceed one thousand
 39 dollars (\$1,000);

40 is not required to file a monthly gross retail and use tax return.

41 SECTION 52. IC 6-3-1-3.5, AS AMENDED BY P.L.229-2011,
 42 SECTION 83, AS AMENDED BY P.L.171-2011, SECTION 4, AND
 43 AS AMENDED BY P.L.172-2011, SECTION 53, IS CORRECTED
 44 AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,
 45 2012]: Sec. 3.5. When used in this article, the term "adjusted gross
 46 income" shall mean the following:

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

50 (1) Subtract income that is exempt from taxation under this article

- 1 by the Constitution and statutes of the United States.
- 2 (2) Add an amount equal to any deduction or deductions allowed
- 3 or allowable pursuant to Section 62 of the Internal Revenue Code
- 4 for taxes based on or measured by income and levied at the state
- 5 level by any state of the United States.
- 6 (3) Subtract one thousand dollars (\$1,000), or in the case of a
- 7 joint return filed by a husband and wife, subtract for each spouse
- 8 one thousand dollars (\$1,000).
- 9 (4) Subtract one thousand dollars (\$1,000) for:
- 10 (A) each of the exemptions provided by Section 151(c) of the
- 11 Internal Revenue Code;
- 12 (B) each additional amount allowable under Section 63(f) of
- 13 the Internal Revenue Code; and
- 14 (C) the spouse of the taxpayer if a separate return is made by
- 15 the taxpayer and if the spouse, for the calendar year in which
- 16 the taxable year of the taxpayer begins, has no gross income
- 17 and is not the dependent of another taxpayer.
- 18 (5) Subtract:
- 19 (A) *for taxable years beginning after December 31, 2004*, one
- 20 thousand five hundred dollars (\$1,500) for each of the
- 21 exemptions allowed under Section 151(c)(1)(B) of the Internal
- 22 Revenue Code (as effective January 1, 2004); and
- 23 (B) five hundred dollars (\$500) for each additional amount
- 24 allowable under Section 63(f)(1) of the Internal Revenue Code
- 25 if the adjusted gross income of the taxpayer, or the taxpayer
- 26 and the taxpayer's spouse in the case of a joint return, is less
- 27 than forty thousand dollars (\$40,000).
- 28 This amount is in addition to the amount subtracted under
- 29 subdivision (4).
- 30 (6) Subtract an amount equal to the lesser of:
- 31 (A) that part of the individual's adjusted gross income (as
- 32 defined in Section 62 of the Internal Revenue Code) for that
- 33 taxable year that is subject to a tax that is imposed by a
- 34 political subdivision of another state and that is imposed on or
- 35 measured by income; or
- 36 (B) two thousand dollars (\$2,000).
- 37 (7) Add an amount equal to the total capital gain portion of a
- 38 lump sum distribution (as defined in Section 402(e)(4)(D) of the
- 39 Internal Revenue Code) if the lump sum distribution is received
- 40 by the individual during the taxable year and if the capital gain
- 41 portion of the distribution is taxed in the manner provided in
- 42 Section 402 of the Internal Revenue Code.
- 43 (8) Subtract any amounts included in federal adjusted gross
- 44 income under Section 111 of the Internal Revenue Code as a
- 45 recovery of items previously deducted as an itemized deduction
- 46 from adjusted gross income.
- 47 (9) Subtract any amounts included in federal adjusted gross
- 48 income under the Internal Revenue Code which amounts were
- 49 received by the individual as supplemental railroad retirement
- 50 annuities under 45 U.S.C. 231 and which are not deductible under

- 1 subdivision (1).
 2 ~~(10)~~ Add an amount equal to the deduction allowed under Section
 3 221 of the Internal Revenue Code for married couples filing joint
 4 returns if the taxable year began before January 1, 1987.
 5 ~~(11)~~ Add an amount equal to the interest excluded from federal
 6 gross income by the individual for the taxable year under Section
 7 128 of the Internal Revenue Code if the taxable year began before
 8 January 1, 1985.
 9 ~~(12)~~ (10) Subtract an amount equal to the amount of federal
 10 Social Security and Railroad Retirement benefits included in a
 11 taxpayer's federal gross income by Section 86 of the Internal
 12 Revenue Code.
 13 ~~(13)~~ (11) In the case of a nonresident taxpayer or a resident
 14 taxpayer residing in Indiana for a period of less than the taxpayer's
 15 entire taxable year, the total amount of the deductions allowed
 16 pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to
 17 an amount which bears the same ratio to the total as the taxpayer's
 18 income taxable in Indiana bears to the taxpayer's total income.
 19 ~~(14)~~ (12) In the case of an individual who is a recipient of
 20 assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or
 21 IC 12-15-7, subtract an amount equal to that portion of the
 22 individual's adjusted gross income with respect to which the
 23 individual is not allowed under federal law to retain an amount to
 24 pay state and local income taxes.
 25 ~~(15)~~ (13) In the case of an eligible individual, subtract the amount
 26 of a Holocaust victim's settlement payment included in the
 27 individual's federal adjusted gross income.
 28 ~~(16)~~ For taxable years beginning after December 31, 1999, (14)
 29 Subtract an amount equal to the portion of any premiums paid
 30 during the taxable year by the taxpayer for a qualified long term
 31 care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the
 32 taxpayer's spouse, or both.
 33 ~~(17)~~ (15) Subtract an amount equal to the lesser of:
 34 (A) for a taxable year:
 35 (i) including any part of 2004, the amount determined under
 36 subsection (f); and
 37 (ii) beginning after December 31, 2004, two thousand five
 38 hundred dollars (\$2,500); or
 39 (B) the amount of property taxes that are paid during the
 40 taxable year in Indiana by the individual on the individual's
 41 principal place of residence.
 42 ~~(18)~~ (16) Subtract an amount equal to the amount of a September
 43 11 terrorist attack settlement payment included in the individual's
 44 federal adjusted gross income.
 45 ~~(19)~~ (17) Add or subtract the amount necessary to make the
 46 adjusted gross income of any taxpayer that owns property for
 47 which bonus depreciation was allowed in the current taxable year
 48 or in an earlier taxable year equal to the amount of adjusted gross
 49 income that would have been computed had an election not been
 50 made under Section 168(k) of the Internal Revenue Code to apply

1 bonus depreciation to the property in the year that it was placed
2 in service.
3 ~~(20)~~ (18) Add an amount equal to any deduction allowed under
4 Section 172 of the Internal Revenue Code.
5 ~~(21)~~ (19) Add or subtract the amount necessary to make the
6 adjusted gross income of any taxpayer that placed Section 179
7 property (as defined in Section 179 of the Internal Revenue Code)
8 in service in the current taxable year or in an earlier taxable year
9 equal to the amount of adjusted gross income that would have
10 been computed had an election for federal income tax purposes
11 not been made for the year in which the property was placed in
12 service to take deductions under Section 179 of the Internal
13 Revenue Code in a total amount exceeding twenty-five thousand
14 dollars (\$25,000).
15 ~~(22)~~ (20) Add an amount equal to the amount that a taxpayer
16 claimed as a deduction for domestic production activities for the
17 taxable year under Section 199 of the Internal Revenue Code for
18 federal income tax purposes.
19 ~~(23)~~ (21) Subtract an amount equal to the amount of the taxpayer's
20 qualified military income that was not excluded from the
21 taxpayer's gross income for federal income tax purposes under
22 Section 112 of the Internal Revenue Code.
23 ~~(24)~~ (22) Subtract income that is:
24 (A) exempt from taxation under IC 6-3-2-21.7; and
25 (B) included in the individual's federal adjusted gross income
26 under the Internal Revenue Code.
27 ~~(25)~~ (23) Subtract any amount of a credit (including an advance
28 refund of the credit) that is provided to an individual under 26
29 U.S.C. 6428 (federal Economic Stimulus Act of 2008) and
30 included in the individual's federal adjusted gross income.
31 ~~(26)~~ (24) Add any amount of unemployment compensation
32 excluded from federal gross income, as defined in Section 61 of
33 the Internal Revenue Code, under Section 85(c) of the Internal
34 Revenue Code.
35 ~~(27)~~ (25) Add the amount excluded from gross income under
36 Section 108(a)(1)(e) of the Internal Revenue Code for the
37 discharge of debt on a qualified principal residence.
38 ~~(28)~~ (26) Add an amount equal to any income not included in
39 gross income as a result of the deferral of income arising from
40 business indebtedness discharged in connection with the
41 reacquisition after December 31, 2008, and before January 1,
42 2011, of an applicable debt instrument, as provided in Section
43 108(i) of the Internal Revenue Code. Subtract the amount
44 necessary from the adjusted gross income of any taxpayer that
45 added an amount to adjusted gross income in a previous year to
46 offset the amount included in federal gross income as a result of
47 the deferral of income arising from business indebtedness
48 discharged in connection with the reacquisition after December
49 31, 2008, and before January 1, 2011, of an applicable debt
50 instrument, as provided in Section 108(i) of the Internal Revenue

1 Code.

2 ~~(29)~~ (27) Add the amount necessary to make the adjusted gross

3 income of any taxpayer that placed qualified restaurant property

4 in service during the taxable year and that was classified as

5 15-year property under Section 168(e)(3)(E)(v) of the Internal

6 Revenue Code equal to the amount of adjusted gross income that

7 would have been computed had the classification not applied to

8 the property in the year that it was placed in service.

9 ~~(30)~~ (28) Add the amount necessary to make the adjusted gross

10 income of any taxpayer that placed qualified retail improvement

11 property in service during the taxable year and that was classified

12 as 15-year property under Section 168(e)(3)(E)(ix) of the Internal

13 Revenue Code equal to the amount of adjusted gross income that

14 would have been computed had the classification not applied to

15 the property in the year that it was placed in service.

16 ~~(31)~~ (29) Add or subtract the amount necessary to make the

17 adjusted gross income of any taxpayer that claimed the special

18 allowance for qualified disaster assistance property under Section

19 168(n) of the Internal Revenue Code equal to the amount of

20 adjusted gross income that would have been computed had the

21 special allowance not been claimed for the property.

22 ~~(32)~~ (30) Add or subtract the amount necessary to make the

23 adjusted gross income of any taxpayer that made an election

24 under Section 179C of the Internal Revenue Code to expense

25 costs for qualified refinery property equal to the amount of

26 adjusted gross income that would have been computed had an

27 election for federal income tax purposes not been made for the

28 year.

29 ~~(33)~~ (31) Add or subtract the amount necessary to make the

30 adjusted gross income of any taxpayer that made an election

31 under Section 181 of the Internal Revenue Code to expense costs

32 for a qualified film or television production equal to the amount

33 of adjusted gross income that would have been computed had an

34 election for federal income tax purposes not been made for the

35 year.

36 ~~(34)~~ (32) Add or subtract the amount necessary to make the

37 adjusted gross income of any taxpayer that treated a loss from the

38 sale or exchange of preferred stock in:

39 (A) the Federal National Mortgage Association, established

40 under the Federal National Mortgage Association Charter Act

41 (12 U.S.C. 1716 et seq.); or

42 (B) the Federal Home Loan Mortgage Corporation, established

43 under the Federal Home Loan Mortgage Corporation Act (12

44 U.S.C. 1451 et seq.);

45 as an ordinary loss under Section 301 of the Emergency

46 Economic Stabilization Act of 2008 in the current taxable year or

47 in an earlier taxable year equal to the amount of adjusted gross

48 income that would have been computed had the loss not been

49 treated as an ordinary loss.

50 (33) Add the amount excluded from federal gross income under

- 1 *Section 103 of the Internal Revenue Code for interest received on*
2 *an obligation of a state other than Indiana, or a political*
3 *subdivision of such a state, that is acquired by the taxpayer after*
4 *December 31, 2011.*
- 5 ~~(35)~~ (34) *Add the amount deducted from gross income under*
6 *Section 198 of the Internal Revenue Code for the expensing of*
7 *environmental remediation costs.*
- 8 ~~(36)~~ (35) *Add the amount excluded from gross income under*
9 *Section 408(d)(8) of the Internal Revenue Code for a charitable*
10 *distribution from an individual retirement plan.*
- 11 ~~(37)~~ (36) *Add the amount deducted from gross income under*
12 *Section 222 of the Internal Revenue Code for qualified tuition*
13 *and related expenses.*
- 14 ~~(38)~~ (37) *Add the amount deducted from gross income under*
15 *Section ~~62(2)(D)~~ **62(a)(2)(D)** of the Internal Revenue Code for*
16 *certain expenses of elementary and secondary school teachers.*
- 17 ~~(39)~~ (38) *Add the amount excluded from gross income under*
18 *Section 127 of the Internal Revenue Code as annual employer*
19 *provided education expenses.*
- 20 ~~(40)~~ (39) *Add the amount deducted from gross income under*
21 *Section 179E of the Internal Revenue Code for any qualified*
22 *advanced mine safety equipment property.*
- 23 ~~(41)~~ (40) *Add the monthly amount excluded from gross income*
24 *under Section 132(f)(1)(A) and 132(f)(1)(B) of the **Internal***
25 ***Revenue Code** that exceeds one hundred dollars (\$100) a month*
26 *for a qualified transportation fringe.*
- 27 ~~(42)~~ (41) *Add the amount deducted from gross income under*
28 *Section 221 of the Internal Revenue Code that exceeds the*
29 *amount the taxpayer could deduct under Section 221 of the*
30 *Internal Revenue Code before it was amended by the Tax Relief,*
31 *Unemployment Insurance Reauthorization, and Job Creation Act*
32 *of 2010 (P.L. 111-312).*
- 33 ~~(43)~~ (42) *Add the amount necessary to make the adjusted gross*
34 *income of any taxpayer that placed any qualified leasehold*
35 *improvement property in service during the taxable year and that*
36 *was classified as 15-year property under Section 168(e)(3)(E)(iv)*
37 *of the Internal Revenue Code equal to the amount of adjusted*
38 *gross income that would have been computed had the*
39 *classification not applied to the property in the year that it was*
40 *placed into service.*
- 41 ~~(44)~~ (43) *Add the amount necessary to make the adjusted gross*
42 *income of any taxpayer that placed a motorsports entertainment*
43 *complex in service during the taxable year and that was classified*
44 *as 7-year property under Section 168(e)(3)(C)(ii) of the Internal*
45 *Revenue Code equal to the amount of adjusted gross income that*
46 *would have been computed had the classification not applied to*
47 *the property in the year that it was placed into service.*
- 48 ~~(45)~~ (44) *Add the amount deducted under Section 195 of the*
49 *Internal Revenue Code for start-up expenditures that exceeds the*
50 *amount the taxpayer could deduct under Section 195 of the*

1 *Internal Revenue Code before it was amended by the Small*
 2 *Business Jobs Act of 2010 (P.L. 111-240).*

3 ~~(46)~~ (45) *Add the amount necessary to make the adjusted gross*
 4 *income of any taxpayer for which tax was not imposed on the net*
 5 *recognized built-in gain of an S corporation under Section*
 6 *1374(d)(7) of the Internal Revenue Code as amended by the Small*
 7 *Business Jobs Act of 2010 (P.L. 111-240) equal to the amount of*
 8 *adjusted gross income that would have been computed before*
 9 *Section 1374(d)(7) of the Internal Revenue Code as amended by*
 10 *the Small Business Jobs Act of 2010 (P.L. 111-240).*

11 ~~(35)~~ (46) *This subdivision does not apply to payments made for*
 12 *services provided to a business that was enrolled and*
 13 *participated in the E-Verify program (as defined in*
 14 *IC 22-5-1.7-3) during the time the taxpayer conducted business*
 15 *in Indiana in the taxable year. For a taxable year beginning after*
 16 *June 30, 2011, add the amount of any trade or business deduction*
 17 *allowed under the Internal Revenue Code for wages,*
 18 *reimbursements, or other payments made for services provided*
 19 *in Indiana by an individual for services as an employee, if the*
 20 *individual was, during the period of service, prohibited from*
 21 *being hired as an employee under 8 U.S.C. 1324a.*

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

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

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

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

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

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

45 (6) *Add an amount equal to any deduction allowed under Section*
 46 *172 of the Internal Revenue Code.*

47 (7) *Add or subtract the amount necessary to make the adjusted*
 48 *gross income of any taxpayer that placed Section 179 property (as*
 49 *defined in Section 179 of the Internal Revenue Code) in service*
 50 *in the current taxable year or in an earlier taxable year equal to*

- 1 the amount of adjusted gross income that would have been
2 computed had an election for federal income tax purposes not
3 been made for the year in which the property was placed in
4 service to take deductions under Section 179 of the Internal
5 Revenue Code in a total amount exceeding twenty-five thousand
6 dollars (\$25,000).
- 7 (8) Add an amount equal to the amount that a taxpayer claimed as
8 a deduction for domestic production activities for the taxable year
9 under Section 199 of the Internal Revenue Code for federal
10 income tax purposes.
- 11 (9) Add to the extent required by IC 6-3-2-20 the amount of
12 intangible expenses (as defined in IC 6-3-2-20) and any directly
13 related intangible interest expenses (as defined in IC 6-3-2-20) for
14 the taxable year that reduced the corporation's taxable income (as
15 defined in Section 63 of the Internal Revenue Code) for federal
16 income tax purposes.
- 17 (10) Add an amount equal to any deduction for dividends paid (as
18 defined in Section 561 of the Internal Revenue Code) to
19 shareholders of a captive real estate investment trust (as defined
20 in section 34.5 of this chapter).
- 21 (11) Subtract income that is:
- 22 (A) exempt from taxation under IC 6-3-2-21.7; and
23 (B) included in the corporation's taxable income under the
24 Internal Revenue Code.
- 25 (12) Add an amount equal to any income not included in gross
26 income as a result of the deferral of income arising from business
27 indebtedness discharged in connection with the reacquisition after
28 December 31, 2008, and before January 1, 2011, of an applicable
29 debt instrument, as provided in Section 108(i) of the Internal
30 Revenue Code. Subtract from the adjusted gross income of any
31 taxpayer that added an amount to adjusted gross income in a
32 previous year the amount necessary to offset the amount included
33 in federal gross income as a result of the deferral of income
34 arising from business indebtedness discharged in connection with
35 the reacquisition after December 31, 2008, and before January 1,
36 2011, of an applicable debt instrument, as provided in Section
37 108(i) of the Internal Revenue Code.
- 38 (13) Add the amount necessary to make the adjusted gross income
39 of any taxpayer that placed qualified restaurant property in service
40 during the taxable year and that was classified as 15-year property
41 under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal
42 to the amount of adjusted gross income that would have been
43 computed had the classification not applied to the property in the
44 year that it was placed in service.
- 45 (14) Add the amount necessary to make the adjusted gross income
46 of any taxpayer that placed qualified retail improvement property
47 in service during the taxable year and that was classified as
48 15-year property under Section 168(e)(3)(E)(ix) of the Internal
49 Revenue Code equal to the amount of adjusted gross income that
50 would have been computed had the classification not applied to

- 1 the property in the year that it was placed in service.
- 2 (15) Add or subtract the amount necessary to make the adjusted
3 gross income of any taxpayer that claimed the special allowance
4 for qualified disaster assistance property under Section 168(n) of
5 the Internal Revenue Code equal to the amount of adjusted gross
6 income that would have been computed had the special allowance
7 not been claimed for the property.
- 8 (16) Add or subtract the amount necessary to make the adjusted
9 gross income of any taxpayer that made an election under Section
10 179C of the Internal Revenue Code to expense costs for qualified
11 refinery property equal to the amount of adjusted gross income
12 that would have been computed had an election for federal
13 income tax purposes not been made for the year.
- 14 (17) Add or subtract the amount necessary to make the adjusted
15 gross income of any taxpayer that made an election under Section
16 181 of the Internal Revenue Code to expense costs for a qualified
17 film or television production equal to the amount of adjusted
18 gross income that would have been computed had an election for
19 federal income tax purposes not been made for the year.
- 20 (18) Add or subtract the amount necessary to make the adjusted
21 gross income of any taxpayer that treated a loss from the sale or
22 exchange of preferred stock in:
- 23 (A) the Federal National Mortgage Association, established
24 under the Federal National Mortgage Association Charter Act
25 (12 U.S.C. 1716 et seq.); or
- 26 (B) the Federal Home Loan Mortgage Corporation, established
27 under the Federal Home Loan Mortgage Corporation Act (12
28 U.S.C. 1451 et seq.);
- 29 as an ordinary loss under Section 301 of the Emergency
30 Economic Stabilization Act of 2008 in the current taxable year or
31 in an earlier taxable year equal to the amount of adjusted gross
32 income that would have been computed had the loss not been
33 treated as an ordinary loss.
- 34 *(19) Add the amount deducted from gross income under Section*
35 *198 of the Internal Revenue Code for the expensing of*
36 *environmental remediation costs.*
- 37 *(20) Add the amount deducted from gross income under Section*
38 *179E of the Internal Revenue Code for any qualified advanced*
39 *mine safety equipment property.*
- 40 *(21) Add the amount necessary to make the adjusted gross income*
41 *of any taxpayer that placed any qualified leasehold improvement*
42 *property in service during the taxable year and that was*
43 *classified as 15-year property under Section 168(e)(3)(E)(iv) of*
44 *the Internal Revenue Code equal to the amount of adjusted gross*
45 *income that would have been computed had the classification not*
46 *applied to the property in the year that it was placed into service.*
- 47 *(22) Add the amount necessary to make the adjusted gross income*
48 *of any taxpayer that placed a motorsports entertainment complex*
49 *in service during the taxable year and that was classified as*
50 *7-year property under Section 168(e)(3)(C)(ii) of the Internal*

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

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

9 ~~(19)~~ **(24)** *This subdivision does not apply to payments made for*
 10 *services provided to a business that was enrolled and*
 11 *participated in the E-Verify program (as defined in*
 12 *IC 22-5-1.7-3) during the time the taxpayer conducted business*
 13 *in Indiana in the taxable year. For a taxable year beginning after*
 14 *June 30, 2011, add the amount of any trade or business deduction*
 15 *allowed under the Internal Revenue Code for wages,*
 16 *reimbursements, or other payments made for services provided*
 17 *in Indiana by an individual for services as an employee, if the*
 18 *individual was, during the period of service, prohibited from*
 19 *being hired as an employee under 8 U.S.C. 1324a.*

20 ~~(24)~~ **(25)** *Add the amount excluded from federal gross income*
 21 *under Section 103 of the Internal Revenue Code for interest*
 22 *received on an obligation of a state other than Indiana, or a*
 23 *political subdivision of such a state, that is acquired by the*
 24 *taxpayer after December 31, 2011.*

25 (c) In the case of life insurance companies (as defined in Section
 26 816(a) of the Internal Revenue Code) that are organized under Indiana
 27 law, the same as "life insurance company taxable income" (as defined
 28 in Section 801 of the Internal Revenue Code), adjusted as follows:

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

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

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

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

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

48 (6) Add an amount equal to any deduction allowed under Section
 49 172 or Section 810 of the Internal Revenue Code.

50 (7) Add or subtract the amount necessary to make the adjusted

- 1 gross income of any taxpayer that placed Section 179 property (as
2 defined in Section 179 of the Internal Revenue Code) in service
3 in the current taxable year or in an earlier taxable year equal to
4 the amount of adjusted gross income that would have been
5 computed had an election for federal income tax purposes not
6 been made for the year in which the property was placed in
7 service to take deductions under Section 179 of the Internal
8 Revenue Code in a total amount exceeding twenty-five thousand
9 dollars (\$25,000).
- 10 (8) Add an amount equal to the amount that a taxpayer claimed as
11 a deduction for domestic production activities for the taxable year
12 under Section 199 of the Internal Revenue Code for federal
13 income tax purposes.
- 14 (9) Subtract income that is:
- 15 (A) exempt from taxation under IC 6-3-2-21.7; and
16 (B) included in the insurance company's taxable income under
17 the Internal Revenue Code.
- 18 (10) Add an amount equal to any income not included in gross
19 income as a result of the deferral of income arising from business
20 indebtedness discharged in connection with the reacquisition after
21 December 31, 2008, and before January 1, 2011, of an applicable
22 debt instrument, as provided in Section 108(i) of the Internal
23 Revenue Code. Subtract from the adjusted gross income of any
24 taxpayer that added an amount to adjusted gross income in a
25 previous year the amount necessary to offset the amount included
26 in federal gross income as a result of the deferral of income
27 arising from business indebtedness discharged in connection with
28 the reacquisition after December 31, 2008, and before January 1,
29 2011, of an applicable debt instrument, as provided in Section
30 108(i) of the Internal Revenue Code.
- 31 (11) Add the amount necessary to make the adjusted gross income
32 of any taxpayer that placed qualified restaurant property in service
33 during the taxable year and that was classified as 15-year property
34 under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal
35 to the amount of adjusted gross income that would have been
36 computed had the classification not applied to the property in the
37 year that it was placed in service.
- 38 (12) Add the amount necessary to make the adjusted gross income
39 of any taxpayer that placed qualified retail improvement property
40 in service during the taxable year and that was classified as
41 15-year property under Section 168(e)(3)(E)(ix) of the Internal
42 Revenue Code equal to the amount of adjusted gross income that
43 would have been computed had the classification not applied to
44 the property in the year that it was placed in service.
- 45 (13) Add or subtract the amount necessary to make the adjusted
46 gross income of any taxpayer that claimed the special allowance
47 for qualified disaster assistance property under Section 168(n) of
48 the Internal Revenue Code equal to the amount of adjusted gross
49 income that would have been computed had the special allowance
50 not been claimed for the property.

- 1 (14) Add or subtract the amount necessary to make the adjusted
2 gross income of any taxpayer that made an election under Section
3 179C of the Internal Revenue Code to expense costs for qualified
4 refinery property equal to the amount of adjusted gross income
5 that would have been computed had an election for federal
6 income tax purposes not been made for the year.
- 7 (15) Add or subtract the amount necessary to make the adjusted
8 gross income of any taxpayer that made an election under Section
9 181 of the Internal Revenue Code to expense costs for a qualified
10 film or television production equal to the amount of adjusted
11 gross income that would have been computed had an election for
12 federal income tax purposes not been made for the year.
- 13 (16) Add or subtract the amount necessary to make the adjusted
14 gross income of any taxpayer that treated a loss from the sale or
15 exchange of preferred stock in:
- 16 (A) the Federal National Mortgage Association, established
17 under the Federal National Mortgage Association Charter Act
18 (12 U.S.C. 1716 et seq.); or
- 19 (B) the Federal Home Loan Mortgage Corporation, established
20 under the Federal Home Loan Mortgage Corporation Act (12
21 U.S.C. 1451 et seq.);
- 22 as an ordinary loss under Section 301 of the Emergency
23 Economic Stabilization Act of 2008 in the current taxable year or
24 in an earlier taxable year equal to the amount of adjusted gross
25 income that would have been computed had the loss not been
26 treated as an ordinary loss.
- 27 (17) Add an amount equal to any exempt insurance income under
28 Section 953(e) of the Internal Revenue Code that is active
29 financing income under Subpart F of Subtitle A, Chapter 1,
30 Subchapter N of the Internal Revenue Code.
- 31 *(18) Add the amount necessary to make the adjusted gross income*
32 *of any taxpayer that placed any qualified leasehold improvement*
33 *property in service during the taxable year and that was*
34 *classified as 15-year property under Section 168(e)(3)(E)(iv) of*
35 *the Internal Revenue Code equal to the amount of adjusted gross*
36 *income that would have been computed had the classification not*
37 *applied to the property in the year that it was placed into service.*
- 38 *(19) Add the amount necessary to make the adjusted gross income*
39 *of any taxpayer that placed a motorsports entertainment complex*
40 *in service during the taxable year and that was classified as*
41 *7-year property under Section 168(e)(3)(C)(ii) of the Internal*
42 *Revenue Code equal to the amount of adjusted gross income that*
43 *would have been computed had the classification not applied to*
44 *the property in the year that it was placed into service.*
- 45 *(20) Add the amount deducted under Section 195 of the Internal*
46 *Revenue Code for start-up expenditures that exceeds the amount*
47 *the taxpayer could deduct under Section 195 of the Internal*
48 *Revenue Code before it was amended by the Small Business Jobs*
49 *Act of 2010 (P.L. 111-240).*
- 50 *(21) Add the amount deducted from gross income under Section*

1 198 of the Internal Revenue Code for the expensing of
2 environmental remediation costs.

3 (22) Add the amount deducted from gross income under Section
4 179E of the Internal Revenue Code for any qualified advanced
5 mine safety equipment property.

6 ~~(18)~~ (23) This subdivision does not apply to payments made for
7 services provided to a business that was enrolled and
8 participated in the E-Verify program (as defined in
9 IC 22-5-1.7-3) during the time the taxpayer conducted business
10 in Indiana in the taxable year. For a taxable year beginning after
11 June 30, 2011, add the amount of any trade or business deduction
12 allowed under the Internal Revenue Code for wages,
13 reimbursements, or other payments made for services provided
14 in Indiana by an individual for services as an employee, if the
15 individual was, during the period of service, prohibited from
16 being hired as an employee under 8 U.S.C. 1324a.

17 ~~(23)~~ (24) Add the amount excluded from federal gross income
18 under Section 103 of the Internal Revenue Code for interest
19 received on an obligation of a state other than Indiana, or a
20 political subdivision of such a state, that is acquired by the
21 taxpayer after December 31, 2011.

22 (d) In the case of insurance companies subject to tax under Section
23 831 of the Internal Revenue Code and organized under Indiana law, the
24 same as "taxable income" (as defined in Section 832 of the Internal
25 Revenue Code), adjusted as follows:

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

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

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

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

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

45 (6) Add an amount equal to any deduction allowed under Section
46 172 of the Internal Revenue Code.

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

- 1 the amount of adjusted gross income that would have been
2 computed had an election for federal income tax purposes not
3 been made for the year in which the property was placed in
4 service to take deductions under Section 179 of the Internal
5 Revenue Code in a total amount exceeding twenty-five thousand
6 dollars (\$25,000).
- 7 (8) Add an amount equal to the amount that a taxpayer claimed as
8 a deduction for domestic production activities for the taxable year
9 under Section 199 of the Internal Revenue Code for federal
10 income tax purposes.
- 11 (9) Subtract income that is:
- 12 (A) exempt from taxation under IC 6-3-2-21.7; and
13 (B) included in the insurance company's taxable income under
14 the Internal Revenue Code.
- 15 (10) Add an amount equal to any income not included in gross
16 income as a result of the deferral of income arising from business
17 indebtedness discharged in connection with the reacquisition after
18 December 31, 2008, and before January 1, 2011, of an applicable
19 debt instrument, as provided in Section 108(i) of the Internal
20 Revenue Code. Subtract from the adjusted gross income of any
21 taxpayer that added an amount to adjusted gross income in a
22 previous year the amount necessary to offset the amount included
23 in federal gross income as a result of the deferral of income
24 arising from business indebtedness discharged in connection with
25 the reacquisition after December 31, 2008, and before January 1,
26 2011, of an applicable debt instrument, as provided in Section
27 108(i) of the Internal Revenue Code.
- 28 (11) Add the amount necessary to make the adjusted gross income
29 of any taxpayer that placed qualified restaurant property in service
30 during the taxable year and that was classified as 15-year property
31 under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal
32 to the amount of adjusted gross income that would have been
33 computed had the classification not applied to the property in the
34 year that it was placed in service.
- 35 (12) Add the amount necessary to make the adjusted gross income
36 of any taxpayer that placed qualified retail improvement property
37 in service during the taxable year and that was classified as
38 15-year property under Section 168(e)(3)(E)(ix) of the Internal
39 Revenue Code equal to the amount of adjusted gross income that
40 would have been computed had the classification not applied to
41 the property in the year that it was placed in service.
- 42 (13) Add or subtract the amount necessary to make the adjusted
43 gross income of any taxpayer that claimed the special allowance
44 for qualified disaster assistance property under Section 168(n) of
45 the Internal Revenue Code equal to the amount of adjusted gross
46 income that would have been computed had the special allowance
47 not been claimed for the property.
- 48 (14) Add or subtract the amount necessary to make the adjusted
49 gross income of any taxpayer that made an election under Section
50 179C of the Internal Revenue Code to expense costs for qualified

- 1 refinery property equal to the amount of adjusted gross income
2 that would have been computed had an election for federal
3 income tax purposes not been made for the year.
- 4 (15) Add or subtract the amount necessary to make the adjusted
5 gross income of any taxpayer that made an election under Section
6 181 of the Internal Revenue Code to expense costs for a qualified
7 film or television production equal to the amount of adjusted
8 gross income that would have been computed had an election for
9 federal income tax purposes not been made for the year.
- 10 (16) Add or subtract the amount necessary to make the adjusted
11 gross income of any taxpayer that treated a loss from the sale or
12 exchange of preferred stock in:
- 13 (A) the Federal National Mortgage Association, established
14 under the Federal National Mortgage Association Charter Act
15 (12 U.S.C. 1716 et seq.); or
- 16 (B) the Federal Home Loan Mortgage Corporation, established
17 under the Federal Home Loan Mortgage Corporation Act (12
18 U.S.C. 1451 et seq.);
- 19 as an ordinary loss under Section 301 of the Emergency
20 Economic Stabilization Act of 2008 in the current taxable year or
21 in an earlier taxable year equal to the amount of adjusted gross
22 income that would have been computed had the loss not been
23 treated as an ordinary loss.
- 24 (17) Add an amount equal to any exempt insurance income under
25 Section 953(e) of the Internal Revenue Code that is active
26 financing income under Subpart F of Subtitle A, Chapter 1,
27 Subchapter N of the Internal Revenue Code.
- 28 *(18) Add the amount necessary to make the adjusted gross income*
29 *of any taxpayer that placed any qualified leasehold improvement*
30 *property in service during the taxable year and that was*
31 *classified as 15-year property under Section 168(e)(3)(E)(iv) of*
32 *the Internal Revenue Code equal to the amount of adjusted gross*
33 *income that would have been computed had the classification not*
34 *applied to the property in the year that it was placed into service.*
- 35 *(19) Add the amount necessary to make the adjusted gross income*
36 *of any taxpayer that placed a motorsports entertainment complex*
37 *in service during the taxable year and that was classified as*
38 *7-year property under Section 168(e)(3)(C)(ii) of the Internal*
39 *Revenue Code equal to the amount of adjusted gross income that*
40 *would have been computed had the classification not applied to*
41 *the property in the year that it was placed into service.*
- 42 *(20) Add the amount deducted under Section 195 of the Internal*
43 *Revenue Code for start-up expenditures that exceeds the amount*
44 *the taxpayer could deduct under Section 195 of the Internal*
45 *Revenue Code before it was amended by the Small Business Jobs*
46 *Act of 2010 (P.L. 111-240).*
- 47 *(21) Add the amount deducted from gross income under Section*
48 *198 of the Internal Revenue Code for the expensing of*
49 *environmental remediation costs.*
- 50 *(22) Add the amount deducted from gross income under Section*

1 179E of the Internal Revenue Code for any qualified advanced
2 mine safety equipment property.

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

14 ~~(23)~~ **(24)** Add the amount excluded from federal gross income
15 under Section 103 of the Internal Revenue Code for interest
16 received on an obligation of a state other than Indiana, or a
17 political subdivision of such a state, that is acquired by the
18 taxpayer after December 31, 2011.

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

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

24 (2) Subtract an amount equal to the amount of a September 11
25 terrorist attack settlement payment included in the federal
26 adjusted gross income of the estate of a victim of the September
27 11 terrorist attack or a trust to the extent the trust benefits a victim
28 of the September 11 terrorist attack.

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

37 (4) Add an amount equal to any deduction allowed under Section
38 172 of the Internal Revenue Code.

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

49 (6) Add an amount equal to the amount that a taxpayer claimed as
50 a deduction for domestic production activities for the taxable year

- 1 under Section 199 of the Internal Revenue Code for federal
2 income tax purposes.
- 3 (7) Subtract income that is:
- 4 (A) exempt from taxation under IC 6-3-2-21.7; and
- 5 (B) included in the taxpayer's taxable income under the
6 Internal Revenue Code.
- 7 (8) Add an amount equal to any income not included in gross
8 income as a result of the deferral of income arising from business
9 indebtedness discharged in connection with the reacquisition after
10 December 31, 2008, and before January 1, 2011, of an applicable
11 debt instrument, as provided in Section 108(i) of the Internal
12 Revenue Code. Subtract from the adjusted gross income of any
13 taxpayer that added an amount to adjusted gross income in a
14 previous year the amount necessary to offset the amount included
15 in federal gross income as a result of the deferral of income
16 arising from business indebtedness discharged in connection with
17 the reacquisition after December 31, 2008, and before January 1,
18 2011, of an applicable debt instrument, as provided in Section
19 108(i) of the Internal Revenue Code.
- 20 (9) Add the amount necessary to make the adjusted gross income
21 of any taxpayer that placed qualified restaurant property in service
22 during the taxable year and that was classified as 15-year property
23 under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal
24 to the amount of adjusted gross income that would have been
25 computed had the classification not applied to the property in the
26 year that it was placed in service.
- 27 (10) Add the amount necessary to make the adjusted gross income
28 of any taxpayer that placed qualified retail improvement property
29 in service during the taxable year and that was classified as
30 15-year property under Section 168(e)(3)(E)(ix) of the Internal
31 Revenue Code equal to the amount of adjusted gross income that
32 would have been computed had the classification not applied to
33 the property in the year that it was placed in service.
- 34 (11) Add or subtract the amount necessary to make the adjusted
35 gross income of any taxpayer that claimed the special allowance
36 for qualified disaster assistance property under Section 168(n) of
37 the Internal Revenue Code equal to the amount of adjusted gross
38 income that would have been computed had the special allowance
39 not been claimed for the property.
- 40 (12) Add or subtract the amount necessary to make the adjusted
41 gross income of any taxpayer that made an election under Section
42 179C of the Internal Revenue Code to expense costs for qualified
43 refinery property equal to the amount of adjusted gross income
44 that would have been computed had an election for federal
45 income tax purposes not been made for the year.
- 46 (13) Add or subtract the amount necessary to make the adjusted
47 gross income of any taxpayer that made an election under Section
48 181 of the Internal Revenue Code to expense costs for a qualified
49 film or television production equal to the amount of adjusted
50 gross income that would have been computed had an election for

- 1 federal income tax purposes not been made for the year.
- 2 (14) Add or subtract the amount necessary to make the adjusted
3 gross income of any taxpayer that treated a loss from the sale or
4 exchange of preferred stock in:
- 5 (A) the Federal National Mortgage Association, established
6 under the Federal National Mortgage Association Charter Act
7 (12 U.S.C. 1716 et seq.); or
- 8 (B) the Federal Home Loan Mortgage Corporation, established
9 under the Federal Home Loan Mortgage Corporation Act (12
10 U.S.C. 1451 et seq.);
- 11 as an ordinary loss under Section 301 of the Emergency
12 Economic Stabilization Act of 2008 in the current taxable year or
13 in an earlier taxable year equal to the amount of adjusted gross
14 income that would have been computed had the loss not been
15 treated as an ordinary loss.
- 16 (15) Add the amount excluded from gross income under Section
17 108(a)(1)(e) of the Internal Revenue Code for the discharge of
18 debt on a qualified principal residence.
- 19 *(16) Add the amount necessary to make the adjusted gross income*
20 *of any taxpayer that placed any qualified leasehold improvement*
21 *property in service during the taxable year and that was*
22 *classified as 15-year property under Section 168(e)(3)(E)(iv) of*
23 *the Internal Revenue Code equal to the amount of adjusted gross*
24 *income that would have been computed had the classification not*
25 *applied to the property in the year that it was placed into service.*
- 26 *(17) Add the amount necessary to make the adjusted gross income*
27 *of any taxpayer that placed a motorsports entertainment complex*
28 *in service during the taxable year and that was classified as*
29 *7-year property under Section 168(e)(3)(C)(ii) of the Internal*
30 *Revenue Code equal to the amount of adjusted gross income that*
31 *would have been computed had the classification not applied to*
32 *the property in the year that it was placed into service.*
- 33 *(18) Add the amount deducted under Section 195 of the Internal*
34 *Revenue Code for start-up expenditures that exceeds the amount*
35 *the taxpayer could deduct under Section 195 of the Internal*
36 *Revenue Code before it was amended by the Small Business Jobs*
37 *Act of 2010 (P.L. 111-240).*
- 38 *(19) Add the amount deducted from gross income under Section*
39 *198 of the Internal Revenue Code for the expensing of*
40 *environmental remediation costs.*
- 41 *(20) Add the amount deducted from gross income under Section*
42 *179E of the Internal Revenue Code for any qualified advanced*
43 *mine safety equipment property.*
- 44 *(21) Add the amount necessary to make the adjusted gross income*
45 *of any taxpayer for which tax was not imposed on the net*
46 *recognized built-in gain of an S corporation under Section*
47 *1374(d)(7) of the Internal Revenue Code as amended by the Small*
48 *Business Jobs Act of 2010 (P.L. 111-240) equal to the amount of*
49 *adjusted gross income that would have been computed before*
50 *Section 1374(d)(7) of the Internal Revenue Code as amended by*

1 *the Small Business Jobs Act of 2010 (P.L. 111-240).*

2 ~~(16)~~ **(22)** *This subdivision does not apply to payments made for*
 3 *services provided to a business that was enrolled and*
 4 *participated in the E-Verify program (as defined in*
 5 *IC 22-5-1.7-3) during the time the taxpayer conducted business*
 6 *in Indiana in the taxable year. For a taxable year beginning after*
 7 *June 30, 2011, add the amount of any trade or business deduction*
 8 *allowed under the Internal Revenue Code for wages,*
 9 *reimbursements, or other payments made for services provided*
 10 *in Indiana by an individual for services as an employee, if the*
 11 *individual was, during the period of service, prohibited from*
 12 *being hired as an employee under 8 U.S.C. 1324a.*

13 ~~(22)~~ **(23)** *Add the amount excluded from federal gross income*
 14 *under Section 103 of the Internal Revenue Code for interest*
 15 *received on an obligation of a state other than Indiana, or a*
 16 *political subdivision of such a state, that is acquired by the*
 17 *taxpayer after December 31, 2011.*

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

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

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

30 *STEP THREE: Determine the result of the STEP ONE amount*
 31 *divided by the STEP TWO amount.*

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

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

36 SECTION 53. IC 6-3-1-11, AS AMENDED BY P.L.229-2011,
 37 SECTION 84, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 38 JULY 1, 2012]: Sec. 11. (a) Except as provided in subsection (d), the
 39 term "Internal Revenue Code" means the Internal Revenue Code of
 40 1986 of the United States as amended and in effect on January 1, 2011.

41 (b) Whenever the Internal Revenue Code is mentioned in this
 42 article, the particular provisions that are referred to, together with all
 43 the other provisions of the Internal Revenue Code in effect on January
 44 1, 2011, that pertain to the provisions specifically mentioned, shall be
 45 regarded as incorporated in this article by reference and have the same
 46 force and effect as though fully set forth in this article. To the extent
 47 the provisions apply to this article, regulations adopted under Section
 48 7805(a) of the Internal Revenue Code and in effect on January 1, 2011,
 49 shall be regarded as rules adopted by the department under this article,
 50 unless the department adopts specific rules that supersede the

1 regulation.

2 (c) An amendment to the Internal Revenue Code made by an act
3 passed by Congress before January 1, 2011, that is effective for any
4 taxable year that began before January 1, 2011, and that affects:

5 (1) individual adjusted gross income (as defined in Section 62 of
6 the Internal Revenue Code);

7 (2) corporate taxable income (as defined in Section 63 of the
8 Internal Revenue Code);

9 (3) trust and estate taxable income (as defined in Section 641(b)
10 of the Internal Revenue Code);

11 (4) life insurance company taxable income (as defined in Section
12 801(b) of the Internal Revenue Code);

13 (5) mutual insurance company taxable income (as defined in
14 Section 821(b) of the Internal Revenue Code); or

15 (6) taxable income (as defined in Section 832 of the Internal
16 Revenue Code);

17 is also effective for that same taxable year for purposes of determining
18 adjusted gross income under section 3.5 of this chapter.

19 (d) The following provisions of the Internal Revenue Code that were
20 amended by the Tax Relief Act, Unemployment Insurance
21 Reauthorization, and Job Creation Act of 2010 (P.L. 111-312) are
22 treated as though they were not amended by the Tax Relief Act,
23 Unemployment Insurance Reauthorization, and Job Creation Act of
24 2010 (P.L. 111-312):

25 (1) Section 1367(a)(2) of the Internal Revenue Code pertaining to
26 an adjustment of basis of the stock of shareholders.

27 (2) Section ~~871(k)(1)(e)~~ **871(k)(1)(C)** and 871(k)(2)(C) of the
28 Internal Revenue Code pertaining the treatment of certain
29 dividends of regulated investment companies.

30 (3) Section 897(h)(4)(A)(ii) of the Internal Revenue Code
31 pertaining to regulated investment companies qualified entity
32 treatment.

33 (4) Section 512(b)(13)(E)(iv) of the Internal Revenue Code
34 pertaining to the modification of tax treatment of certain
35 payments to controlling exempt organizations.

36 (5) Section 613A(c)(6)(H)(ii) of the Internal Revenue Code
37 pertaining to the limitations on percentage depletion in the case
38 of oil and gas wells.

39 (6) Section 451(i)(3) of the Internal Revenue Code pertaining to
40 special rule for sales or dispositions to implement Federal Energy
41 Regulatory Commission or state electric restructuring policy for
42 qualified electric utilities.

43 (7) Section 954(c)(6) of the Internal Revenue Code pertaining to
44 the look-through treatment of payments between related
45 controlled foreign corporation under foreign personal holding
46 company rules.

47 The department shall develop forms and adopt any necessary rules
48 under IC 4-22-2 to implement this subsection.

49 SECTION 54. IC 6-3-4-1 IS AMENDED TO READ AS FOLLOWS
50 [EFFECTIVE JANUARY 1, 2013]: Sec. 1. Returns with respect to

1 taxes imposed by this act shall be made by the following:

2 (1) Every resident individual having for the taxable year gross
3 income in an amount greater than the modifications provided
4 under IC 6-3-1-3.5(a)(3) and IC 6-3-1-3.5(a)(4).

5 (2) Every nonresident individual having for the taxable year any
6 gross income from sources within the state of Indiana, except for
7 a team member (as defined in IC 6-3-2-2.7) who is covered by a
8 composite return filed under IC 6-3-2-2.7.

9 (3) Every corporation having for the taxable year any gross
10 income from sources within the state of Indiana.

11 (4) **For taxable years beginning after December 31, 2012,**
12 every resident estate having for the taxable year any gross income
13 from sources within the state of Indiana **exceeding the amount**
14 **provided in Section 6012(a)(3) of the Internal Revenue Code.**

15 (5) **For taxable years beginning after December 31, 2012,**
16 every resident trust having for the taxable year any gross income
17 from sources within the state of Indiana **exceeding the amount**
18 **provided in Section 6012(a)(4) of the Internal Revenue Code.**

19 (6) **For taxable years beginning after December 31, 2012,**
20 every nonresident estate having for the taxable year any gross
21 income from sources within the state of Indiana **exceeding the**
22 **amount provided in Section 6012(a)(3) of the Internal**
23 **Revenue Code.**

24 (7) **For taxable years beginning after December 31, 2012,**
25 every nonresident trust having for the taxable year any gross
26 income from sources within the state of Indiana **exceeding the**
27 **amount provided in Section 6012(a)(4) of the Internal**
28 **Revenue Code.**

29 SECTION 55. IC 6-3-4-8, AS AMENDED BY P.L.172-2011,
30 SECTION 60, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
31 JANUARY 1, 2013]: Sec. 8. (a) Except as provided in subsection (d),
32 every employer making payments of wages subject to tax under this
33 article, regardless of the place where such payment is made, who is
34 required under the provisions of the Internal Revenue Code to
35 withhold, collect, and pay over income tax on wages paid by such
36 employer to such employee, shall, at the time of payment of such
37 wages, deduct and retain therefrom the amount prescribed in
38 withholding instructions issued by the department. The department
39 shall base its withholding instructions on the adjusted gross income tax
40 rate for persons, on the total rates of any income taxes that the taxpayer
41 is subject to under IC 6-3.5, and on the total amount of exclusions the
42 taxpayer is entitled to under IC 6-3-1-3.5(a)(3) and IC 6-3-1-3.5(a)(4).
43 However, the withholding instructions on the adjusted gross income of
44 a nonresident alien (as defined in Section 7701 of the Internal Revenue
45 Code) are to be based on applying not more than one (1) withholding
46 exclusion, regardless of the total number of exclusions that
47 IC 6-3-1-3.5(a)(3) and IC 6-3-1-3.5(a)(4) permit the taxpayer to apply
48 on the taxpayer's final return for the taxable year. Such employer
49 making payments of any wages:

50 (1) shall be liable to the state of Indiana for the payment of the tax

1 required to be deducted and withheld under this section and shall
 2 not be liable to any individual for the amount deducted from the
 3 individual's wages and paid over in compliance or intended
 4 compliance with this section; and

5 (2) shall make return of and payment to the department monthly
 6 of the amount of tax which under this article and IC 6-3.5 the
 7 employer is required to withhold.

8 (b) An employer shall pay taxes withheld under subsection (a)
 9 during a particular month to the department no later than thirty (30)
 10 days after the end of that month. However, in place of monthly
 11 reporting periods, the department may permit an employer to report and
 12 pay the tax for

13 ~~(1) a calendar year reporting period, if the average monthly~~
 14 ~~amount of all tax required to be withheld by the employer in the~~
 15 ~~previous calendar year does not exceed ten dollars (\$10);~~

16 ~~(2) a six (6) month reporting period; if the average monthly~~
 17 ~~amount of all tax required to be withheld by the employer in the~~
 18 ~~previous calendar year does not exceed twenty-five dollars (\$25);~~
 19 ~~or~~

20 ~~(3) a three (3) month reporting period; if the average monthly~~
 21 ~~amount of all tax required to be withheld by the employer in the~~
 22 ~~previous calendar year does not exceed seventy-five dollars (\$75);~~
 23 **one thousand dollars (\$1,000).**

24 An employer using a reporting period (other than a monthly reporting
 25 period) must file the employer's return and pay the tax for a reporting
 26 period no later than the last day of the month immediately following
 27 the close of the reporting period. ~~If an employer files a combined sales~~
 28 ~~and withholding tax report, the reporting period for the combined~~
 29 ~~report is the shortest period required under this section; section 8-1 of~~
 30 ~~this chapter, or IC 6-2.5-6-1.~~

31 (c) For purposes of determining whether an employee is subject to
 32 taxation under IC 6-3.5, an employer is entitled to rely on the statement
 33 of an employee as to the employee's county of residence as represented
 34 by the statement of address in forms claiming exemptions for purposes
 35 of withholding, regardless of when the employee supplied the forms.
 36 Every employee shall notify the employee's employer within five (5)
 37 days after any change in the employee's county of residence.

38 (d) A county that makes payments of wages subject to tax under this
 39 article:

40 (1) to a precinct election officer (as defined in IC 3-5-2-40.1); and

41 (2) for the performance of the duties of the precinct election
 42 officer imposed by IC 3 that are performed on election day;

43 is not required, at the time of payment of the wages, to deduct and
 44 retain from the wages the amount prescribed in withholding
 45 instructions issued by the department.

46 (e) Every employer shall, at the time of each payment made by the
 47 employer to the department, deliver to the department a return upon the
 48 form prescribed by the department showing:

49 (1) the total amount of wages paid to the employer's employees;

50 (2) the amount deducted therefrom in accordance with the

- 1 provisions of the Internal Revenue Code;
- 2 (3) the amount of adjusted gross income tax deducted therefrom
- 3 in accordance with the provisions of this section;
- 4 (4) the amount of income tax, if any, imposed under IC 6-3.5 and
- 5 deducted therefrom in accordance with this section; and
- 6 (5) any other information the department may require.

7 Every employer making a declaration of withholding as provided in this
8 section shall furnish the employer's employees annually, but not later
9 than thirty (30) days after the end of the calendar year, a record of the
10 total amount of adjusted gross income tax and the amount of each
11 income tax, if any, imposed under IC 6-3.5, withheld from the
12 employees, on the forms prescribed by the department.

13 (f) All money deducted and withheld by an employer shall
14 immediately upon such deduction be the money of the state, and every
15 employer who deducts and retains any amount of money under the
16 provisions of this article shall hold the same in trust for the state of
17 Indiana and for payment thereof to the department in the manner and
18 at the times provided in this article. Any employer may be required to
19 post a surety bond in the sum the department determines to be
20 appropriate to protect the state with respect to money withheld pursuant
21 to this section.

22 (g) The provisions of IC 6-8.1 relating to additions to tax in case of
23 delinquency and penalties shall apply to employers subject to the
24 provisions of this section, and for these purposes any amount deducted
25 or required to be deducted and remitted to the department under this
26 section shall be considered to be the tax of the employer, and with
27 respect to such amount the employer shall be considered the taxpayer.
28 In the case of a corporate or partnership employer, every officer,
29 employee, or member of such employer, who, as such officer,
30 employee, or member is under a duty to deduct and remit such taxes
31 shall be personally liable for such taxes, penalties, and interest.

32 (h) Amounts deducted from wages of an employee during any
33 calendar year in accordance with the provisions of this section shall be
34 considered to be in part payment of the tax imposed on such employee
35 for the employee's taxable year which begins in such calendar year, and
36 a return made by the employer under subsection (b) shall be accepted
37 by the department as evidence in favor of the employee of the amount
38 so deducted from the employee's wages. Where the total amount so
39 deducted exceeds the amount of tax on the employee as computed
40 under this article and IC 6-3.5, the department shall, after examining
41 the return or returns filed by the employee in accordance with this
42 article and IC 6-3.5, refund the amount of the excess deduction.
43 However, under rules promulgated by the department, the excess or any
44 part thereof may be applied to any taxes or other claim due from the
45 taxpayer to the state of Indiana or any subdivision thereof. No refund
46 shall be made to an employee who fails to file the employee's return or
47 returns as required under this article and IC 6-3.5 within two (2) years
48 from the due date of the return or returns. In the event that the excess
49 tax deducted is less than one dollar (\$1), no refund shall be made.

50 (i) This section shall in no way relieve any taxpayer from the

1 taxpayer's obligation of filing a return or returns at the time required
 2 under this article and IC 6-3.5, and, should the amount withheld under
 3 the provisions of this section be insufficient to pay the total tax of such
 4 taxpayer, such unpaid tax shall be paid at the time prescribed by
 5 section 5 of this chapter.

6 (j) Notwithstanding subsection (b), an employer of a domestic
 7 service employee that enters into an agreement with the domestic
 8 service employee to withhold federal income tax under Section 3402
 9 of the Internal Revenue Code may withhold Indiana income tax on the
 10 domestic service employee's wages on the employer's Indiana
 11 individual income tax return in the same manner as allowed by Section
 12 3510 of the Internal Revenue Code.

13 (k) To the extent allowed by Section 1137 of the Social Security
 14 Act, an employer of a domestic service employee may report and remit
 15 state unemployment insurance contributions on the employee's wages
 16 on the employer's Indiana individual income tax return in the same
 17 manner as allowed by Section 3510 of the Internal Revenue Code.

18 (l) A person who knowingly fails to remit trust fund money as set
 19 forth in this section commits a Class D felony.

20 SECTION 56. IC 6-3-4-8.1, AS AMENDED BY P.L.182-2009(ss),
 21 SECTION 199, IS AMENDED TO READ AS FOLLOWS
 22 [EFFECTIVE JANUARY 1, 2013]: Sec. 8.1. (a) Any entity that is
 23 required to file a monthly return and make a monthly remittance of
 24 taxes under sections 8, 12, 13, and 15 of this chapter shall file those
 25 returns and make those remittances twenty (20) days (rather than thirty
 26 (30) days) after the end of each month for which those returns and
 27 remittances are filed, if that entity's average monthly remittance for the
 28 immediately preceding calendar year exceeds one thousand dollars
 29 (\$1,000).

30 (b) The department may require any entity to make the entity's
 31 monthly remittance and file the entity's monthly return twenty (20) days
 32 (rather than thirty (30) days) after the end of each month for which a
 33 return and payment are made if the department estimates that the
 34 entity's average monthly payment for the current calendar year will
 35 exceed one thousand dollars (\$1,000).

36 (c) If the department determines that a withholding agent is not
 37 withholding, reporting, or remitting an amount of tax in accordance
 38 with this chapter, the department may require the withholding agent:

- 39 (1) to make periodic deposits during the reporting period; and
- 40 (2) to file an informational return with each periodic deposit.

41 ~~(d) If a person files a combined sales and withholding tax report and~~
 42 ~~either this section or IC 6-2.5-6-1 requires the sales or withholding tax~~
 43 ~~report to be filed and remittances to be made within twenty (20) days~~
 44 ~~after the end of each month; then the person shall file the combined~~
 45 ~~report and remit the sales and withholding taxes due within twenty (20)~~
 46 ~~days after the end of each month.~~

47 ~~(e)~~ (d) If the department determines that an entity's:

- 48 (1) estimated monthly withholding tax remittance for the current
 49 year; or
- 50 (2) average monthly withholding tax remittance for the preceding

1 year;
 2 exceeds five thousand dollars (\$5,000), the entity shall remit the
 3 monthly withholding taxes due by electronic fund transfer (as defined
 4 in IC 4-8.1-2-7) or by delivering in person or by overnight courier a
 5 payment by cashier's check, certified check, or money order to the
 6 department. The transfer or payment shall be made on or before the
 7 date the remittance is due.

8 ~~(f)~~ **(e)** An entity that ~~registers to withhold~~ **withholds** taxes after
 9 ~~December 31, 2009~~, shall file the withholding tax report and remit
 10 withholding taxes electronically through the department's online tax
 11 filing program.

12 SECTION 57. IC 6-3-4-12, AS AMENDED BY P.L.211-2007,
 13 SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 14 JULY 1, 2012]: Sec. 12. (a) Every partnership shall, at the time that the
 15 partnership pays or credits amounts to any of its nonresident partners
 16 on account of their distributive shares of partnership income, for a
 17 taxable year of the partnership, deduct and retain therefrom the amount
 18 prescribed in the withholding instructions referred to in section 8 of
 19 this chapter. Such partnership so paying or crediting any nonresident
 20 partner:

21 (1) shall be liable to the state of Indiana for the payment of the tax
 22 required to be deducted and retained under this section and shall
 23 not be liable to such partner for the amount deducted from such
 24 payment or credit and paid over in compliance or intended
 25 compliance with this section; and

26 (2) shall make return of and payment to the department monthly
 27 whenever the amount of tax due under IC 6-3 and IC 6-3.5
 28 exceeds an aggregate amount of fifty dollars (\$50) per month with
 29 such payment due on the thirtieth day of the following month,
 30 unless an earlier date is specified by section 8.1 of this chapter.

31 Where the aggregate amount due under IC 6-3 and IC 6-3.5 does not
 32 exceed fifty dollars (\$50) per month, then such partnership shall make
 33 return and payment to the department quarterly, on such dates and in
 34 such manner as the department shall prescribe, of the amount of tax
 35 which, under IC 6-3 and IC 6-3.5, it is required to withhold.

36 (b) Every partnership shall, at the time of each payment made by it
 37 to the department pursuant to this section, deliver to the department a
 38 return upon such form as shall be prescribed by the department
 39 showing the total amounts paid or credited to its nonresident partners,
 40 the amount deducted therefrom in accordance with the provisions of
 41 this section, and such other information as the department may require.
 42 Every partnership making the deduction and retention provided in this
 43 section shall furnish to its nonresident partners annually, but not later
 44 than ~~thirty (30) days~~ **the fifteenth day of the third month** after the end
 45 of its taxable year, a record of the amount of tax deducted and retained
 46 from such partners on forms to be prescribed by the department.

47 (c) All money deducted and retained by the partnership, as provided
 48 in this section, shall immediately upon such deduction be the money of
 49 the state of Indiana and every partnership which deducts and retains
 50 any amount of money under the provisions of IC 6-3 shall hold the

1 same in trust for the state of Indiana and for payment thereof to the
 2 department in the manner and at the times provided in IC 6-3. Any
 3 partnership may be required to post a surety bond in such sum as the
 4 department shall determine to be appropriate to protect the state of
 5 Indiana with respect to money deducted and retained pursuant to this
 6 section.

7 (d) The provisions of IC 6-8.1 relating to additions to tax in case of
 8 delinquency and penalties shall apply to partnerships subject to the
 9 provisions of this section, and for these purposes any amount deducted,
 10 or required to be deducted and remitted to the department under this
 11 section, shall be considered to be the tax of the partnership, and with
 12 respect to such amount it shall be considered the taxpayer.

13 (e) Amounts deducted from payments or credits to a nonresident
 14 partner during any taxable year of the partnership in accordance with
 15 the provisions of this section shall be considered to be in part payment
 16 of the tax imposed on such nonresident partner for **his the nonresident**
 17 **partner's** taxable year within or with which the partnership's taxable
 18 year ends. A return made by the partnership under subsection (b) shall
 19 be accepted by the department as evidence in favor of the nonresident
 20 partner of the amount so deducted for **his the nonresident partner's**
 21 distributive share.

22 (f) This section shall in no way relieve any nonresident partner from
 23 **his the nonresident partner's** obligations of filing a return or returns
 24 at the time required under IC 6-3 or IC 6-3.5, and any unpaid tax shall
 25 be paid at the time prescribed by section 5 of this chapter.

26 (g) Instead of the reporting periods required under subsection (a),
 27 the department may permit a partnership to file one (1) return and
 28 payment each year if the partnership pays or credits amounts to its
 29 nonresident partners only one (1) time each year. The return and
 30 payment are due **not more than thirty (30) days on or before the**
 31 **fifteenth day of the fourth month** after the end of the year.

32 (h) A partnership shall file a composite adjusted gross income tax
 33 return on behalf of all nonresident individual partners. The composite
 34 return must include each nonresident individual partner regardless of
 35 whether or not the nonresident individual partner has other Indiana
 36 source income.

37 (i) If a partnership does not include all nonresident partners in the
 38 composite return, the partnership is subject to the penalty imposed
 39 under IC 6-8.1-10-2.1(j).

40 SECTION 58. IC 6-3-4-13, AS AMENDED BY P.L.211-2007,
 41 SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 42 JULY 1, 2012]: Sec. 13. (a) Every corporation which is exempt from
 43 tax under IC 6-3 pursuant to IC 6-3-2-2.8(2) shall, at the time that it
 44 pays or credits amounts to any of its nonresident shareholders as
 45 dividends or as their share of the corporation's undistributed taxable
 46 income, withhold the amount prescribed by the department. Such
 47 corporation so paying or crediting any nonresident shareholder:

48 (1) shall be liable to the state of Indiana for the payment of the tax
 49 required to be withheld under this section and shall not be liable
 50 to such shareholder for the amount withheld and paid over in

1 compliance or intended compliance with this section; and
2 (2) when the aggregate amount due under IC 6-3 and IC 6-3.5
3 exceeds one hundred fifty dollars (\$150) per quarter, then such
4 corporation shall make return and payment to the department
5 quarterly, on such dates and in such manner as the department
6 shall prescribe, of the amount of tax which, under IC 6-3 and
7 IC 6-3.5, it is required to withhold.

8 (b) Every corporation shall, at the time of each payment made by it
9 to the department pursuant to this section, deliver to the department a
10 return upon such form as shall be prescribed by the department
11 showing the total amounts paid or credited to its nonresident
12 shareholders, the amount withheld in accordance with the provisions
13 of this section, and such other information as the department may
14 require. Every corporation withholding as provided in this section shall
15 furnish to its nonresident shareholders annually, but not later than the
16 fifteenth day of the third month after the end of its taxable year, a
17 record of the amount of tax withheld on behalf of such shareholders on
18 forms to be prescribed by the department.

19 (c) All money withheld by a corporation, pursuant to this section,
20 shall immediately upon being withheld be the money of the state of
21 Indiana and every corporation which withholds any amount of money
22 under the provisions of this section shall hold the same in trust for the
23 state of Indiana and for payment thereof to the department in the
24 manner and at the times provided in IC 6-3. Any corporation may be
25 required to post a surety bond in such sum as the department shall
26 determine to be appropriate to protect the state of Indiana with respect
27 to money withheld pursuant to this section.

28 (d) The provisions of IC 6-8.1 relating to additions to tax in case of
29 delinquency and penalties shall apply to corporations subject to the
30 provisions of this section, and for these purposes any amount withheld,
31 or required to be withheld and remitted to the department under this
32 section, shall be considered to be the tax of the corporation, and with
33 respect to such amount it shall be considered the taxpayer.

34 (e) Amounts withheld from payments or credits to a nonresident
35 shareholder during any taxable year of the corporation in accordance
36 with the provisions of this section shall be considered to be a part
37 payment of the tax imposed on such nonresident shareholder for his
38 taxable year within or with which the corporation's taxable year ends.
39 A return made by the corporation under subsection (b) shall be
40 accepted by the department as evidence in favor of the nonresident
41 shareholder of the amount so withheld from the shareholder's
42 distributive share.

43 (f) This section shall in no way relieve any nonresident shareholder
44 from the shareholder's obligation of filing a return or returns at the time
45 required under IC 6-3 or IC 6-3.5, and any unpaid tax shall be paid at
46 the time prescribed by section 5 of this chapter.

47 (g) Instead of the reporting periods required under subsection (a),
48 the department may permit a corporation to file one (1) return and
49 payment each year if the corporation pays or credits amounts to its
50 nonresident shareholders only one (1) time each year. The withholding

1 return and payment are due on or before the fifteenth day of the ~~third~~
2 **fourth** month after the end of the taxable year of the corporation.

3 (h) If a distribution will be made with property other than money or
4 a gain is realized without the payment of money, the corporation shall
5 not release the property or credit the gain until it has funds sufficient
6 to enable it to pay the tax required to be withheld under this section. If
7 necessary, the corporation shall obtain such funds from the
8 shareholders.

9 (i) If a corporation fails to withhold and pay any amount of tax
10 required to be withheld under this section and thereafter the tax is paid
11 by the shareholders, such amount of tax as paid by the shareholders
12 shall not be collected from the corporation but it shall not be relieved
13 from liability for interest or penalty otherwise due in respect to such
14 failure to withhold under IC 6-8.1-10.

15 (j) A corporation described in subsection (a) shall file a composite
16 adjusted gross income tax return on behalf of all nonresident
17 shareholders. The composite return must include each nonresident
18 individual shareholder regardless of whether or not the nonresident
19 individual shareholder has other Indiana source income.

20 (k) If a corporation described in subsection (a) does not include all
21 nonresident shareholders in the composite return, the corporation is
22 subject to the penalty imposed under IC 6-8.1-10-2.1(j).

23 SECTION 59. IC 6-3-4-16.5, AS ADDED BY P.L.113-2010,
24 SECTION 57, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
25 JULY 1, 2012]: Sec. 16.5. (a) This section applies to:

- 26 (1) Form W-2 federal income tax withholding statements; ~~and~~
27 **(2) Form W-2G certain gambling winnings;**
28 **(3) Form 1099-R distributions from pensions, annuities,**
29 **retirement or profit sharing plans, IRAs, insurance contracts,**
30 **or like distributions;**
31 ~~(2)~~ **(4) Form WH-3 annual withholding tax reports; and**
32 **(5) Form WH-18 miscellaneous withholding tax statements for**
33 **nonresidents;**

34 filed with the department after December 31, ~~2010~~ **2012.**

35 (b) If an employer or any person or entity acting on behalf of an
36 employer files more than twenty-five (25):

- 37 **(1) Form W-2 federal income tax withholding statements;**
38 **(2) Form W-2G certain gambling winnings;**
39 **(3) Form 1099-R distributions from pensions, annuities,**
40 **retirement or profit sharing plans, IRAs, insurance contracts,**
41 **or like distributions; or**
42 **(4) Form WH-18 miscellaneous withholding tax statements for**
43 **nonresidents;**

44 with the department in a calendar year, all ~~Form W-2 federal income~~
45 ~~tax withholding statements forms~~ and Form WH-3 annual withholding
46 tax reports filed with the department in that calendar year by the
47 employer or the person or entity acting on behalf of the employer must
48 be filed in an electronic format specified by the department.

49 SECTION 60. IC 6-3.1-24-9, AS AMENDED BY P.L.172-2011,
50 SECTION 68, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
51 JULY 1, 2012]: Sec. 9. (a) The total amount of tax credits that may be

1 allowed under this chapter in a particular calendar year for qualified
 2 investment capital provided during that calendar year may not exceed
 3 twelve million five hundred thousand dollars (\$12,500,000). The
 4 Indiana economic development corporation may not certify a proposed
 5 investment plan under section 12.5 of this chapter if the proposed
 6 investment would result in the total amount of the tax credits certified
 7 for the calendar year exceeding twelve million five hundred thousand
 8 dollars (\$12,500,000). An amount of an unused credit carried over by
 9 a taxpayer from a previous calendar year may not be considered in
 10 determining the amount of proposed investments that the Indiana
 11 economic development corporation may certify under this chapter.

12 (b) Notwithstanding the other provisions of this chapter, a taxpayer
 13 is not entitled to a credit for providing qualified investment capital to
 14 a qualified Indiana business after December 31, ~~2014~~; **2016**. However,
 15 this subsection may not be construed to prevent a taxpayer from
 16 carrying over to a taxable year beginning after December 31, ~~2014~~;
 17 **2016**, an unused tax credit attributable to an investment occurring
 18 before January 1, ~~2015~~; **2017**.

19 SECTION 61. IC 6-3.1-26-26, AS AMENDED BY
 20 P.L.182-2009(ss), SECTION 202, IS AMENDED TO READ AS
 21 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 26. (a) This chapter
 22 applies to taxable years beginning after December 31, 2003.

23 (b) Notwithstanding the other provisions of this chapter, the
 24 corporation may not approve a credit for a qualified investment made
 25 after December 31, ~~2013~~; **2016**. However, this section may not be
 26 construed to prevent a taxpayer from carrying an unused tax credit
 27 attributable to a qualified investment made before January 1, ~~2014~~;
 28 **2017**, forward to a taxable year beginning after December 31, ~~2013~~;
 29 **2016**, in the manner provided by section 15 of this chapter.

30 SECTION 62. IC 6-3.1-31.9-23, AS ADDED BY P.L.223-2007,
 31 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 32 JULY 1, 2012]: Sec. 23. (a) This chapter applies to taxable years
 33 beginning after December 31, 2006.

34 (b) Notwithstanding the other provisions of this chapter, the
 35 corporation may not approve a **an alternative fuel vehicle**
 36 **manufacturing** credit for a qualified investment made after December
 37 31, ~~2012~~; **2016**. However, this section may not be construed to prevent
 38 a taxpayer from carrying an unused tax credit attributable to a qualified
 39 investment made before January 1, ~~2012~~; **2017**, forward to a taxable
 40 year beginning after December 31, ~~2011~~; **2016**, in the manner provided
 41 by section 13 of this chapter.

42 SECTION 63. IC 6-3.1-33-9, AS ADDED BY P.L.110-2010,
 43 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 44 JULY 1, 2012]: Sec. 9. (a) Before January 1, ~~2013~~; **2017**, a corporation
 45 or pass through entity that desires to qualify for the **new employer**
 46 credit provided by this chapter may submit an application to the IEDC
 47 in the form and manner specified by the IEDC.

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

50 (c) If the IEDC determines that an applicant for the tax credit

1 provided by this chapter has furnished reliable evidence, as determined
2 by the IEDC, that the applicant is reasonably capable of:

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

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

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

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

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

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

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

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

29 SECTION 64. IC 6-3.5-1.1-2, AS AMENDED BY P.L.77-2011,
30 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
31 JULY 1, 2012]: Sec. 2. (a) The county council of any county in which
32 the county option income tax will not be in effect on December 1 of a
33 year under an ordinance adopted during a previous calendar year may
34 impose the county adjusted gross income tax on the adjusted gross
35 income of county taxpayers of its county.

36 (b) Except as provided in section 2.3, 2.5, ~~2.6~~, 2.7, 2.8, 2.9, 3.3, 3.5,
37 3.6, 24, 25, or 26 of this chapter, the county adjusted gross income tax
38 may be imposed at a rate of one-half of one percent (0.5%),
39 three-fourths of one percent (0.75%), or one percent (1%) on the
40 adjusted gross income of resident county taxpayers of the county. Any
41 county imposing the county adjusted gross income tax must impose the
42 tax on the nonresident county taxpayers at a rate of one-fourth of one
43 percent (0.25%) on their adjusted gross income. If the county council
44 elects to decrease the county adjusted gross income tax, the county
45 council may decrease the county adjusted gross income tax rate in
46 increments of one-tenth of one percent (0.1%).

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

50 "The _____ County Council imposes the county adjusted

1 gross income tax on the county taxpayers of _____ County.
 2 The county adjusted gross income tax is imposed at a rate of
 3 _____ percent (____%) on the resident county taxpayers of the
 4 county and one-fourth of one percent (0.25%) on the nonresident
 5 county taxpayers of the county."

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

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

23 SECTION 65. IC 6-3.5-1.1-2.6 IS REPEALED [EFFECTIVE JULY
 24 1, 2012]. Sec. 2-6: (a) This section applies to Parke County:

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

- 27 (1) fund the costs (including pre-trial costs) of a capital trial that
 28 has been moved to another county for trial; and
 29 (2) to repay money borrowed for the purpose described in
 30 subdivision (1):

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

- 35 (1) a rate necessary to carry out the purposes of subsection (b); or
 36 (2) twenty-five hundredths percent (0.25%);

37 on the adjusted gross income of county taxpayers:

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

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

- 43 (2) The date on which an ordinance adopted under subsection (c)
 44 is rescinded:

45 (e) The term of any borrowing described in subsection (b)(2) may
 46 not exceed three (3) years:

47 (f) The county treasurer shall establish a capital trial revenue fund
 48 to be used only for purposes described in this section: County adjusted
 49 gross income tax revenues derived from the tax rate imposed under this
 50 section shall be deposited in the capital trial revenue fund before

1 making a certified distribution under section 11 of this chapter.

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

- 4 (1) may be used only for the purposes described in this section;
5 (2) may not be considered by the department of local government
6 finance in determining the county's maximum permissible
7 property tax levy limit under IC 6-1.1-18.5; and
8 (3) may be pledged for the payment of costs described in
9 subsection (b).

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

15 SECTION 66. IC 6-3.5-1.1-3, AS AMENDED BY P.L.77-2011,
16 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
17 JULY 1, 2012]: Sec. 3. (a) The county council may increase the county
18 adjusted gross income tax rate imposed upon the resident county
19 taxpayers of the county. To increase the rate, the county council must
20 adopt an ordinance. The ordinance must substantially state the
21 following:

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

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

33 SECTION 67. IC 6-3.5-1.1-3.1, AS AMENDED BY SEA 115-2012,
34 SECTION 41, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
35 JULY 1, 2012]: Sec. 3.1. (a) The county council may decrease the
36 county adjusted gross income tax rate imposed upon the resident
37 county taxpayers of the county. To decrease the rate, the county council
38 must adopt an ordinance. The ordinance must substantially state the
39 following:

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

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

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

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

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

11 (e) This subsection applies only to LaPorte County. The county
 12 council may adopt or increase the county economic development
 13 income tax rate under IC 6-3.5-7 in the same year that the county
 14 council decreases the county adjusted gross income tax rate if the
 15 county economic development income tax rate plus the county adjusted
 16 gross income tax rate in effect after the county council decreases the
 17 county adjusted gross income tax rate is less than the county adjusted
 18 gross income tax rate in effect before the adoption of an ordinance
 19 under this section decreasing the rate of the county adjusted gross
 20 income tax.

21 SECTION 68. IC 6-3.5-1.1-4, AS AMENDED BY P.L.77-2011,
 22 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 23 JULY 1, 2012]: Sec. 4. (a) The county adjusted gross income tax
 24 imposed by a county council under this chapter remains in effect until
 25 rescinded.

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

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

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

47 SECTION 69. IC 6-3.5-1.1-9, AS AMENDED BY P.L.229-2011,
 48 SECTION 88, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 49 JANUARY 1, 2012 (RETROACTIVE)]: Sec. 9. (a) Revenue derived
 50 from the imposition of the county adjusted gross income tax shall, in

1 the manner prescribed by this section, be distributed to the county that
2 imposed it. The amount to be distributed to a county during an ensuing
3 calendar year equals the amount of county adjusted gross income tax
4 revenue that the budget agency determines has been:

5 (1) received from that county for a taxable year ending before the
6 calendar year in which the determination is made; and

7 (2) reported on an annual return or amended return processed by
8 the department in the state fiscal year ending before July 1 of the
9 calendar year in which the determination is made;

10 as adjusted for refunds of county adjusted gross income tax made in the
11 state fiscal year.

12 (b) Before August 2 of each calendar year, the budget agency shall
13 certify to the county auditor of each adopting county the amount
14 determined under subsection (a) plus the amount of interest in the
15 county's account that has accrued and has not been included in a
16 certification made in a preceding year. The amount certified is the
17 county's "certified distribution" for the immediately succeeding
18 calendar year. The amount certified shall be adjusted under subsections
19 (c), (d), (e), (f), **and (g).** ~~and (h).~~ The budget agency shall provide the
20 county council with an informative summary of the calculations used
21 to determine the certified distribution. The summary of calculations
22 must include:

23 (1) the amount reported on individual income tax returns
24 processed by the department during the previous fiscal year;

25 (2) adjustments for over distributions in prior years;

26 (3) adjustments for clerical or mathematical errors in prior years;

27 (4) adjustments for tax rate changes; and

28 (5) the amount of excess account balances to be distributed under
29 IC 6-3.5-1.1-21.1.

30 The budget agency shall also certify information concerning the part of
31 the certified distribution that is attributable to a tax rate under section
32 24, 25, or 26 of this chapter. This information must be certified to the
33 county auditor, the department, and the department of local government
34 finance not later than September 1 of each calendar year. The part of
35 the certified distribution that is attributable to a tax rate under section
36 24, 25, or 26 of this chapter may be used only as specified in those
37 provisions.

38 (c) The budget agency shall certify an amount less than the amount
39 determined under subsection (b) if the budget agency determines that
40 the reduced distribution is necessary to offset overpayments made in a
41 calendar year before the calendar year of the distribution. The budget
42 agency may reduce the amount of the certified distribution over several
43 calendar years so that any overpayments are offset over several years
44 rather than in one (1) lump sum.

45 (d) The budget agency shall adjust the certified distribution of a
46 county to correct for any clerical or mathematical errors made in any
47 previous certification under this section. The budget agency may
48 reduce the amount of the certified distribution over several calendar
49 years so that any adjustment under this subsection is offset over several
50 years rather than in one (1) lump sum.

1 (c) The budget agency shall adjust the certified distribution of a
2 county to provide the county with the distribution required under
3 section 10(b) of this chapter.

4 (f) (e) This subsection applies to a county that initially imposes,
5 increases, decreases, or rescinds a tax or tax rate under this chapter
6 before November 1 in the same calendar year in which the budget
7 agency makes a certification under this section. The budget agency
8 shall adjust the certified distribution of a county to provide for a
9 distribution in the immediately following calendar year and in each
10 calendar year thereafter. The budget agency shall provide for a full
11 transition to certification of distributions as provided in subsection
12 (a)(1) through (a)(2) in the manner provided in subsection (c). If the
13 county imposes, increases, decreases, or rescinds a tax or tax rate under
14 this chapter after the date for which a certification under subsection (b)
15 is based, the budget agency shall adjust the certified distribution of the
16 county after August 1 of the calendar year. The adjustment shall reflect
17 any other adjustment required under subsections (c), (d), ~~(e)~~, **(f)**, and
18 **(g)**. ~~and (h)~~. The adjusted certification shall be treated as the county's
19 "certified distribution" for the immediately succeeding calendar year.
20 The budget agency shall certify the adjusted certified distribution to the
21 county auditor for the county and provide the county council with an
22 informative summary of the calculations that revises the informative
23 summary provided in subsection (b) and reflects the changes made in
24 the adjustment.

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

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

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

40 (2) two (2).

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

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

49 (k) (j) The estimates under subsections **(h)** and **(i)** ~~and (j)~~ must
50 specify the amount of the estimated certified distributions that are

1 attributable to the additional rate authorized under section 24 of this
 2 chapter, the additional rate authorized under section 25 of this chapter,
 3 the additional rate authorized under section 26 of this chapter, and any
 4 other additional rates authorized under this chapter.

5 SECTION 70. IC 6-3.5-1.1-10, AS AMENDED BY SEA 115-2012,
 6 SECTION 44, IS AMENDED TO READ AS FOLLOWS
 7 [EFFECTIVE APRIL 1, 2012]: Sec. 10. (a) Except as provided in
 8 subsection (b), ~~one-half (1/2)~~ **One-twelfth (1/12)** of each adopting
 9 county's certified distribution for a calendar year shall be distributed
 10 from its account established under section 8 of this chapter to the
 11 appropriate county treasurer on ~~May 1~~ and the other ~~one-half (1/2)~~ on
 12 ~~November 1~~ **the first regular business day of each month** of that
 13 calendar year.

14 (b) This subsection applies to Porter County, if an ordinance
 15 imposing the tax is adopted before July 1 of a year. Notwithstanding
 16 section 9 of this chapter the initial certified distribution certified for a
 17 county under section 9 of this chapter shall be distributed to the county
 18 treasurer from the account established for the county under section 8
 19 of this chapter according to the following schedule during the eighteen
 20 (18) month period beginning on July 1 of the year in which the county
 21 initially adopts an ordinance under section 2 of this chapter:

22 (1) ~~One-fourth (1/4)~~ on October 1 of the calendar year in which
 23 the ordinance was adopted:

24 (2) ~~One-fourth (1/4)~~ on January 1 of the calendar year following
 25 the year in which the ordinance was adopted:

26 (3) ~~One-fourth (1/4)~~ on May 1 of the calendar year following the
 27 year in which the ordinance was adopted:

28 (4) ~~One-fourth (1/4)~~ on November 1 of the calendar year
 29 following the year in which the ordinance was adopted:

30 Notwithstanding section 11 of this chapter, the part of the certified
 31 distribution received under subdivision (1) that would otherwise be
 32 allocated to a civil taxing unit or school corporation as property tax
 33 replacement credits under section 11 of this chapter shall be set aside
 34 and treated for the calendar year when received by the civil taxing unit
 35 or school corporation as a levy excess subject to IC 6-1.1-18.5-17 or
 36 IC 20-44-3. Certified distributions made to the county treasurer for
 37 calendar years following the eighteen (18) month period described in
 38 this subsection shall be made as provided in subsection (a):

39 (c) (b) Except for:

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

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

43 (B) debt service on bonds; or

44 (C) lease rentals;

45 under section 2.3 of this chapter;

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

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

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

- 1 (B) debt service on bonds; or
 2 (C) lease rentals;
 3 under section 2.8 of this chapter;
 4 (4) revenue that must be used to pay the costs of construction,
 5 improvement, renovation, or remodeling of a jail and related
 6 buildings and parking structures under section 2.7, 2.9, or 3.3 of
 7 this chapter;
 8 (5) revenue that must be used to pay the costs of operating and
 9 maintaining a jail and justice center under section 3.5(d) of this
 10 chapter;
 11 (6) revenue that must be used to pay the costs of constructing,
 12 acquiring, improving, renovating, or equipping a county
 13 courthouse under section 3.6 of this chapter;
 14 ~~(7) revenue under section 2.6 of this chapter;~~ or
 15 ~~(8) (7) revenue~~ attributable to a tax rate under section 24, 25, or
 16 26 of this chapter;
 17 distributions made to a county treasurer under ~~subsections~~ **subsection**
 18 (a) ~~and (b)~~ shall be treated as though they were property taxes that were
 19 due and payable during that same calendar year. Except as provided by
 20 ~~subsection (b) and~~ sections 24, 25, and 26 of this chapter, the certified
 21 distribution shall be distributed and used by the taxing units and school
 22 corporations as provided in sections 11 through 15 of this chapter.
 23 ~~(d) (c)~~ All distributions from an account established under section
 24 8 of this chapter shall be made by warrants issued by the auditor of the
 25 state to the treasurer of the state ordering the appropriate payments.
 26 SECTION 71. IC 6-3.5-1.1-24, AS AMENDED BY HEA
 27 1009-2012, SECTION 54, IS AMENDED TO READ AS FOLLOWS
 28 [EFFECTIVE JULY 1, 2012]: Sec. 24. (a) In a county in which the
 29 county adjusted gross income tax is in effect, the county council may
 30 ~~before August 1 of a year;~~ adopt an ordinance to impose or increase (as
 31 applicable) a tax rate under this section.
 32 (b) In a county in which neither the county adjusted gross income
 33 tax nor the county option income tax is in effect, the county council
 34 may ~~before August 1 of a year;~~ adopt an ordinance to impose a tax rate
 35 under this section.
 36 (c) ~~An ordinance adopted under this section takes effect October 1~~
 37 ~~of the year in which the ordinance is adopted.~~ If a county council
 38 adopts an ordinance to impose or increase a tax rate under this section,
 39 **not more than ten (10) days after the vote**, the county auditor shall
 40 send a certified copy of the ordinance to the **commissioner of the**
 41 **department, the director of the budget agency,** and the **commissioner**
 42 **of the** department of local government finance by certified mail **or in**
 43 **an electronic format approved by the director of the budget**
 44 **agency.**
 45 (d) A tax rate under this section is in addition to any other tax rates
 46 imposed under this chapter and does not affect the purposes for which
 47 other tax revenue under this chapter may be used.
 48 (e) The following apply only in the year in which a county council
 49 first imposes a tax rate under this section.
 50 (1) The county council shall, in the ordinance imposing the tax

- 1 rate, specify the tax rate for each of the following two (2) years.
 2 (2) The tax rate that must be imposed in the county *from October*
 3 *1 of the year in which the tax rate is imposed through September*
 4 *30 of the following year in the first year* is equal to the result of:
 5 (A) the tax rate determined for the county under
 6 IC 6-3.5-1.5-1(a) in the year in which the tax rate is increased;
 7 multiplied by
 8 (B) two (2).
 9 (3) The tax rate that must be imposed in the county *from October*
 10 *1 of the following year through September 30 of the year after the*
 11 *following year in the second year* is the tax rate determined for
 12 the county under IC 6-3.5-1.5-1(b). The tax rate under this
 13 subdivision continues in effect in later years unless the tax rate is
 14 increased under this section.
 15 (4) The levy limitations in ~~IC 6-1.1-18.5-3(g)~~, ~~IC 6-1.1-18.5-3(h)~~,
 16 ~~IC 6-1.1-18.5-3(b)~~, ~~IC 6-1.1-18.5-3(c)~~, IC 12-19-7-4(b) (before its
 17 repeal), IC 12-19-7.5-6(b) (before its repeal), and IC 12-29-2-2(c)
 18 apply to property taxes first due and payable in the ensuing
 19 calendar year and to property taxes first due and payable in the
 20 calendar year after the ensuing calendar year.
 21 (f) The following apply only in a year in which a county council
 22 increases a tax rate under this section:
 23 (1) The county council shall, in the ordinance increasing the tax
 24 rate, specify the tax rate for the following year.
 25 (2) The tax rate that must be imposed in the county *from October*
 26 *1 of the year in which the tax rate is increased through September*
 27 *30 of the following year* is equal to the result of:
 28 (A) the tax rate determined for the county under
 29 IC 6-3.5-1.5-1(a) in that year; plus
 30 (B) the tax rate currently in effect in the county under this
 31 section.
 32 The tax rate under this subdivision continues in effect in later
 33 years unless the tax rate is increased under this section.
 34 (3) The levy limitations in ~~IC 6-1.1-18.5-3(g)~~, ~~IC 6-1.1-18.5-3(h)~~,
 35 ~~IC 6-1.1-18.5-3(b)~~, ~~IC 6-1.1-18.5-3(c)~~, IC 12-19-7-4(b) (before its
 36 repeal), IC 12-19-7.5-6(b) (before its repeal), and IC 12-29-2-2(c)
 37 apply to property taxes first due and payable in the ensuing
 38 calendar year.
 39 (g) The department of local government finance shall determine the
 40 following property tax replacement distribution amounts:
 41 STEP ONE: Determine the sum of the amounts determined under
 42 STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) for the
 43 county in the preceding year.
 44 STEP TWO: For distribution to each civil taxing unit that in the
 45 year had a maximum permissible property tax levy limited under
 46 ~~IC 6-1.1-18.5-3(g)~~, ~~IC 6-1.1-18.5-3(b)~~, determine the result of:
 47 (1) the quotient of:
 48 (A) the part of the amount determined under STEP ONE of
 49 IC 6-3.5-1.5-1(a) in the preceding year that was attributable
 50 to the civil taxing unit; divided by

- 1 (B) the STEP ONE amount; multiplied by
 2 (2) the tax revenue received by the county treasurer under this
 3 section.
 4 STEP THREE: For distributions in 2009 and thereafter, the result
 5 of this STEP is zero (0). For distribution to the county for deposit
 6 in the county family and children's fund before 2009, determine
 7 the result of:
 8 (1) the quotient of:
 9 (A) the amount determined under STEP TWO of
 10 IC 6-3.5-1.5-1(a) in the preceding year; divided by
 11 (B) the STEP ONE amount; multiplied by
 12 (2) the tax revenue received by the county treasurer under this
 13 section.
 14 STEP FOUR: For distributions in 2009 and thereafter, the result
 15 of this STEP is zero (0). For distribution to the county for deposit
 16 in the county children's psychiatric residential treatment services
 17 fund before 2009, determine the result of:
 18 (1) the quotient of:
 19 (A) the amount determined under STEP THREE of
 20 IC 6-3.5-1.5-1(a) in the preceding year; divided by
 21 (B) the STEP ONE amount; multiplied by
 22 (2) the tax revenue received by the county treasurer under this
 23 section.
 24 STEP FIVE: For distribution to the county for community mental
 25 health center purposes, determine the result of:
 26 (1) the quotient of:
 27 (A) the amount determined under STEP FOUR of
 28 IC 6-3.5-1.5-1(a) in the preceding year; divided by
 29 (B) the STEP ONE amount; multiplied by
 30 (2) the tax revenue received by the county treasurer under this
 31 section.
 32 Except as provided in subsection (m), the county treasurer shall
 33 distribute the portion of the certified distribution that is attributable to
 34 a tax rate under this section as specified in this section. The county
 35 treasurer shall make the distributions under this subsection at the same
 36 time that distributions are made to civil taxing units under section 15
 37 of this chapter.
 38 (h) Notwithstanding sections 3.1 and 4 of this chapter, a county
 39 council may not decrease or rescind a tax rate imposed under this
 40 chapter.
 41 (i) The tax rate under this section shall not be considered for
 42 purposes of computing:
 43 (1) the maximum income tax rate that may be imposed in a county
 44 under section 2 of this chapter or any other provision of this
 45 chapter; or
 46 (2) the maximum permissible property tax levy under *STEP*
 47 *EIGHT of IC 6-1.1-18.5-3(b); IC 6-1.1-18.5-3.*
 48 (j) The tax levy under this section shall not be considered for
 49 purposes of the credit under IC 6-1.1-20.6.
 50 (k) A distribution under this section shall be treated as a part of the

1 receiving civil taxing unit's property tax levy for that year for purposes
 2 of fixing the budget of the civil taxing unit and for determining the
 3 distribution of taxes that are distributed on the basis of property tax
 4 levies.

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

9 (m) In the year following the year in a which a county first imposes
 10 a tax rate under this section, one-half (1/2) of the tax revenue that is
 11 attributable to the tax rate under this section must be deposited in the
 12 county stabilization fund established under subsection (o).

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

15 (o) A county stabilization fund is established in each county that
 16 imposes a tax rate under this section. The county stabilization fund
 17 shall be administered by the county auditor. If for a year the certified
 18 distributions attributable to a tax rate under this section exceed the
 19 amount calculated under STEP ONE through STEP FOUR of
 20 IC 6-3.5-1.5-1(a) that is used by the department of local government
 21 finance and the department of state revenue to determine the tax rate
 22 under this section, the excess shall be deposited in the county
 23 stabilization fund. Money shall be distributed from the county
 24 stabilization fund in a year by the county auditor to political
 25 subdivisions entitled to a distribution of tax revenue attributable to the
 26 tax rate under this section if:

27 (1) the certified distributions attributable to a tax rate under this
 28 section are less than the amount calculated under STEP ONE
 29 through STEP FOUR of IC 6-3.5-1.5-1(a) that is used by the
 30 department of local government finance and the department of
 31 state revenue to determine the tax rate under this section for a
 32 year; or

33 (2) the certified distributions attributable to a tax rate under this
 34 section in a year are less than the certified distributions
 35 attributable to a tax rate under this section in the preceding year.

36 However, subdivision (2) does not apply to the year following the first
 37 year in which certified distributions of revenue attributable to the tax
 38 rate under this section are distributed to the county.

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

41 (q) A county council must each year hold at least one (1) public
 42 meeting at which the county council discusses whether the tax rate
 43 under this section should be imposed or increased.

44 (r) The department of local government finance and the department
 45 of state revenue may take any actions necessary to carry out the
 46 purposes of this section.

47 SECTION 72. IC 6-3.5-1.1-25, AS AMENDED BY P.L.172-2011,
 48 SECTION 74, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 49 JULY 1, 2012]: Sec. 25. (a) As used in this section, "public safety"
 50 refers to the following:

- 1 (1) A police and law enforcement system to preserve public peace
2 and order.
- 3 (2) A firefighting and fire prevention system.
- 4 (3) Emergency ambulance services (as defined in
5 IC 16-18-2-107).
- 6 (4) Emergency medical services (as defined in IC 16-18-2-110).
- 7 (5) Emergency action (as defined in IC 13-11-2-65).
- 8 (6) A probation department of a court.
- 9 (7) Confinement, supervision, services under a community
10 corrections program (as defined in IC 35-38-2.6-2), or other
11 correctional services for a person who has been:
- 12 (A) diverted before a final hearing or trial under an agreement
13 that is between the county prosecuting attorney and the person
14 or the person's custodian, guardian, or parent and that provides
15 for confinement, supervision, community corrections services,
16 or other correctional services instead of a final action
17 described in clause (B) or (C);
- 18 (B) convicted of a crime; or
- 19 (C) adjudicated as a delinquent child or a child in need of
20 services.
- 21 (8) A juvenile detention facility under IC 31-31-8.
- 22 (9) A juvenile detention center under IC 31-31-9.
- 23 (10) A county jail.
- 24 (11) A communications system (as defined in IC 36-8-15-3) or an
25 enhanced emergency telephone system (as defined in
26 IC 36-8-16-2).
- 27 (12) Medical and health expenses for jail inmates and other
28 confined persons.
- 29 (13) Pension payments for any of the following:
- 30 (A) A member of the fire department (as defined in
31 IC 36-8-1-8) or any other employee of a fire department.
- 32 (B) A member of the police department (as defined in
33 IC 36-8-1-9), a police chief hired under a waiver under
34 IC 36-8-4-6.5, or any other employee hired by a police
35 department.
- 36 (C) A county sheriff or any other member of the office of the
37 county sheriff.
- 38 (D) Other personnel employed to provide a service described
39 in this section.
- 40 (b) If a county council has imposed a tax rate of at least twenty-five
41 hundredths of one percent (0.25%) under section 24 of this chapter, a
42 tax rate of at least twenty-five hundredths of one percent (0.25%) under
43 section 26 of this chapter, or a total combined tax rate of at least
44 twenty-five hundredths of one percent (0.25%) under sections 24 and
45 26 of this chapter, the county council may also adopt an ordinance to
46 impose an additional tax rate under this section to provide funding for
47 public safety.
- 48 (c) A tax rate under this section may not exceed twenty-five
49 hundredths of one percent (0.25%).
- 50 (d) If a county council adopts an ordinance to impose a tax rate

1 under this section, **not more than ten (10) days after the vote**, the
 2 county auditor shall send a certified copy of the ordinance to the
 3 **commissioner of the department, the director of the budget agency,**
 4 and the **commissioner of the** department of local government finance
 5 by certified mail **or in an electronic format approved by the director**
 6 **of the budget agency.**

7 (e) A tax rate under this section is in addition to any other tax rates
 8 imposed under this chapter and does not affect the purposes for which
 9 other tax revenue under this chapter may be used.

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

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

19 (2) a fraction equal to:

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

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

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

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

38 (h) The tax rate under this section and the tax revenue attributable
 39 to the tax rate under this section shall not be considered for purposes
 40 of computing:

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

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

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

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

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

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 73. IC 6-3.5-1.1-26, AS AMENDED BY P.L.172-2011,
30 SECTION 75, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
31 JULY 1, 2012]: Sec. 26. (a) A county council may impose a tax rate
32 under this section to provide property tax relief to taxpayers in the
33 county. A county council is not required to impose any other tax before
34 imposing a tax rate under this section.

35 (b) A tax rate under this section may be imposed in increments of
36 five hundredths of one percent (0.05%) determined by the county
37 council. A tax rate under this section may not exceed one percent (1%).

38 (c) A tax rate under this section is in addition to any other tax rates
39 imposed under this chapter and does not affect the purposes for which
40 other tax revenue under this chapter may be used.

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

48 (e) A tax rate under this section may be imposed, increased,
49 decreased, or rescinded by a county council at the same time and in the
50 same manner that the county council may impose or increase a tax rate

1 under section 24 of this chapter.

2 (f) Tax revenue attributable to a tax rate under this section may be
3 used for any combination of the following purposes, as specified by
4 ordinance of the county council:

5 (1) Except as provided in subsection (j), the tax revenue may be
6 used to provide local property tax replacement credits at a
7 uniform rate to all taxpayers in the county. The local property tax
8 replacement credits shall be treated for all purposes as property
9 tax levies. The county auditor shall determine the local property
10 tax replacement credit percentage for a particular year based on
11 the amount of tax revenue that will be used under this subdivision
12 to provide local property tax replacement credits in that year. A
13 county council may not adopt an ordinance determining that tax
14 revenue shall be used under this subdivision to provide local
15 property tax replacement credits at a uniform rate to all taxpayers
16 in the county unless the county council has done the following:

17 (A) Made available to the public the county council's best
18 estimate of the amount of property tax replacement credits to
19 be provided under this subdivision to homesteads, other
20 residential property, commercial property, industrial property,
21 and agricultural property.

22 (B) Adopted a resolution or other statement acknowledging
23 that some taxpayers in the county that do not pay the tax rate
24 under this section will receive a property tax replacement
25 credit that is funded with tax revenue from the tax rate under
26 this section.

27 (2) The tax revenue may be used to uniformly provide the
28 homestead credit percentage in the county. The homestead credits
29 shall be treated for all purposes as property tax levies. The
30 homestead credits do not reduce the basis for determining any
31 state homestead credit. The homestead credits shall be applied to
32 the net property taxes due on the homestead after the application
33 of all other assessed value deductions or property tax deductions
34 and credits that apply to the amount owed under IC 6-1.1. The
35 county auditor shall determine the homestead credit percentage
36 for a particular year based on the amount of tax revenue that will
37 be used under this subdivision to provide homestead credits in
38 that year.

39 (3) The tax revenue may be used to provide local property tax
40 replacement credits at a uniform rate for all qualified residential
41 property (as defined in IC 6-1.1-20.6-4 before January 1, 2009,
42 and as defined in section 1 of this chapter after December 31,
43 2008) in the county. The local property tax replacement credits
44 shall be treated for all purposes as property tax levies. The county
45 auditor shall determine the local property tax replacement credit
46 percentage for a particular year based on the amount of tax
47 revenue that will be used under this subdivision to provide local
48 property tax replacement credits in that year.

49 (4) This subdivision applies only to Lake County. The Lake
50 County council may adopt an ordinance providing that the tax

1 revenue from the tax rate under this section is used for any of the
2 following:

3 (A) To reduce all property tax levies imposed by the county by
4 the granting of property tax replacement credits against those
5 property tax levies.

6 (B) To provide local property tax replacement credits in Lake
7 County in the following manner:

8 (i) The tax revenue under this section that is collected from
9 taxpayers within a particular municipality in Lake County
10 (as determined by the department based on the department's
11 best estimate) shall be used only to provide a local property
12 tax credit against property taxes imposed by that
13 municipality.

14 (ii) The tax revenue under this section that is collected from
15 taxpayers within the unincorporated area of Lake County (as
16 determined by the department) shall be used only to provide
17 a local property tax credit against property taxes imposed by
18 the county. The local property tax credit for the
19 unincorporated area of Lake County shall be available only
20 to those taxpayers within the unincorporated area of the
21 county.

22 (C) To provide property tax credits in the following manner:

23 (i) Sixty percent (60%) of the tax revenue under this section
24 shall be used as provided in clause (B).

25 (ii) Forty percent (40%) of the tax revenue under this section
26 shall be used to provide property tax replacement credits
27 against property tax levies of the county and each township
28 and municipality in the county. The percentage of the tax
29 revenue distributed under this item that shall be used as
30 credits against the county's levies or against a particular
31 township's or municipality's levies is equal to the percentage
32 determined by dividing the population of the county,
33 township, or municipality by the sum of the total population
34 of the county, each township in the county, and each
35 municipality in the county.

36 The Lake County council shall determine whether the credits
37 under clause (A), (B), or (C) shall be provided to homesteads, to
38 all qualified residential property, or to all taxpayers. The
39 department of local government finance, with the assistance of the
40 budget agency, shall certify to the county auditor and the fiscal
41 body of the county and each township and municipality in the
42 county the amount of property tax credits under this subdivision.
43 Except as provided in subsection (g), the tax revenue under this
44 section that is used to provide credits under this subdivision shall
45 be treated for all purposes as property tax levies.

46 The county council may adopt an ordinance changing the purposes for
47 which tax revenue attributable to a tax rate under this section shall be
48 used in the following year.

49 (g) The tax rate under this section and the tax revenue attributable
50 to the tax rate under this section shall not be considered for purposes

1 of computing:

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

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

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

8 (h) Tax revenue under this section shall be treated as a part of the
9 receiving civil taxing unit's or school corporation's property tax levy for
10 that year for purposes of fixing the budget of the civil taxing unit or
11 school corporation and for determining the distribution of taxes that are
12 distributed on the basis of property tax levies. To the extent the county
13 auditor determines that there is income tax revenue remaining from the
14 tax under this section after providing the property tax replacement
15 credits, the excess shall be credited to a dedicated county account and
16 may be used only for property tax replacement credits under this
17 section in subsequent years.

18 (i) The department of local government finance and the department
19 of state revenue may take any actions necessary to carry out the
20 purposes of this section.

21 (j) A taxpayer that owns an industrial plant located in Jasper County
22 is ineligible for a local property tax replacement credit under this
23 section against the property taxes due on the industrial plant if the
24 assessed value of the industrial plant as of March 1, 2006, exceeds
25 twenty percent (20%) of the total assessed value of all taxable property
26 in the county on that date. The general assembly finds that the
27 provisions of this subsection are necessary because the industrial plant
28 represents such a large percentage of Jasper County's assessed
29 valuation.

30 SECTION 74. IC 6-3.5-1.5-1, AS AMENDED BY
31 P.L.182-2009(ss), SECTION 215, IS AMENDED TO READ AS
32 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 1. (a) The department
33 of local government finance and ~~the department of state revenue~~
34 ~~(before January 1, 2010) or the budget agency (after December 31,~~
35 ~~2009)~~ shall, before ~~July~~ **September** 1 of each year, jointly calculate the
36 county adjusted income tax rate or county option income tax rate (as
37 applicable) that must be imposed in a county to raise income tax
38 revenue in the following year equal to the sum of the following STEPS:

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

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

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

49 In the case of a civil taxing unit that is located in more than one
50 (1) county, the department of local government finance shall, for

1 purposes of making the determination under this subdivision,
 2 apportion the civil taxing unit's maximum permissible ad valorem
 3 property tax levy among the counties in which the civil taxing unit
 4 is located.

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

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

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

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

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

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

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

30 (1) the department of local government finance's estimate of
 31 the county's maximum community mental health centers
 32 property tax levy under IC 12-29-2-2 for the ensuing calendar
 33 year (before any adjustment under IC 12-29-2-2(c) for the
 34 ensuing calendar year); minus

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

38 (b) In the case of a county that wishes to impose a tax rate under
 39 IC 6-3.5-1.1-24 or IC 6-3.5-6-30 (as applicable) for the first time, the
 40 department of local government finance and ~~the department of state~~
 41 ~~revenue (before January 1, 2010) or the budget agency (after December~~
 42 ~~31, 2009)~~ shall jointly estimate the amount that will be calculated
 43 under subsection (a) in the second year after the tax rate is first
 44 imposed. The department of local government finance and ~~the~~
 45 ~~department of state revenue (before January 1, 2010) or the budget~~
 46 ~~agency (after December 31, 2009)~~ shall calculate the tax rate under
 47 IC 6-3.5-1.1-24 or IC 6-3.5-6-30 (as applicable) that must be imposed
 48 in the county in the second year after the tax rate is first imposed to
 49 raise income tax revenue equal to the estimate under this subsection.

50 (c) The ~~department (before January 1, 2010) or the~~ budget agency

1 ~~(after December 31, 2009)~~ and the department of local government
 2 finance shall make the calculations under subsections (a) and (b) based
 3 on the best information available at the time the calculation is made.

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

13 SECTION 75. IC 6-3.5-1.5-2, AS ADDED BY P.L.224-2007,
 14 SECTION 69, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 15 JULY 1, 2012]: Sec. 2. The department of local government finance
 16 shall, before ~~July~~ **September** 1 of each year, certify the amount
 17 calculated for a county under section 1 of this chapter to the county
 18 auditor.

19 SECTION 76. IC 6-3.5-6-1.5, AS ADDED BY P.L.113-2010,
 20 SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 21 JANUARY 1, 2012 (RETROACTIVE)]: Sec. 1.5. (a) Notwithstanding
 22 any other provision of this chapter, a power granted by this chapter to
 23 adopt an ordinance to:

- 24 (1) impose, increase, decrease, or rescind a tax or tax rate; or
- 25 (2) grant, increase, decrease, rescind, or change a homestead
 26 credit or property tax replacement credit authorized under this
 27 chapter;

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

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

- 32 (1) An ordinance adopted after December 31 of the immediately
 33 preceding year and before October 1 of the current year takes
 34 effect October 1 of the current year.
- 35 (2) An ordinance adopted after September 30 and before October
 36 16 of the current year takes effect November 1 of the current year.
- 37 (3) An ordinance adopted after October 15 and before November
 38 1 of the current year takes effect December 1 of the current year.

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

- 42 (1) An ordinance adopted after December 31 of the immediately
 43 preceding year and before October 1 of the current year takes
 44 effect on the later of October 1 of the current year or the first day
 45 of the month in the current year as the month in which the last
 46 increase in the tax or tax rate occurred.
- 47 (2) An ordinance adopted after September 30 and before October
 48 16 of the current year takes effect on the later of November 1 of
 49 the current year or the first day of the month in the current year as
 50 the month in which the last increase in the tax or tax rate

1 occurred.

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

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

11 **(e) This subsection applies only to Miami County. A county**
12 **income tax council may adopt an ordinance in 2012 to select a**
13 **different combination of uses specified in section 32(f) of this**
14 **chapter for tax revenue distributed to the county from a tax rate**
15 **imposed under section 32 of this chapter (county option income tax**
16 **rate to provide property tax relief to taxpayers). The county**
17 **income tax council may provide in the ordinance that the**
18 **ordinance initially takes effect for and applies to property taxes**
19 **first due and payable in 2012. This subsection expires January 1,**
20 **2013.**

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

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

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

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

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

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

1 resident county taxpayers.

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

9 SECTION 78. IC 6-3.5-6-9, AS AMENDED BY P.L.77-2011,
10 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
11 JULY 1, 2012]: Sec. 9. (a) If on ~~March 31~~ **January 1** of a calendar year
12 the county option income tax rate in effect for resident county
13 taxpayers equals six tenths of one percent (0.6%), excluding a tax rate
14 imposed under section 30, 31, or 32 of this chapter, the county income
15 tax council of that county may pass an ordinance to increase its tax rate
16 for resident county taxpayers. If a county income tax council passes an
17 ordinance under this section, its county option income tax rate for
18 resident county taxpayers increases by one-tenth of one percent (0.1%)
19 in the year in which the ordinance is adopted, as provided in section 1.5
20 of this chapter, and on each succeeding October 1 until its rate reaches
21 a maximum of one percent (1%), excluding a tax rate imposed under
22 section 30, 31, or 32 of this chapter.

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

30 SECTION 79. IC 6-3.5-6-11, AS AMENDED BY P.L.77-2011,
31 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
32 JULY 1, 2012]: Sec. 11. (a) This section does not apply to a tax rate
33 imposed under section 30 of this chapter.

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

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

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

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

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

- 48 (1) the tax rate is again frozen under another ordinance adopted
49 under this section; or
50 (2) the tax rate equals six-tenths of one percent (0.6%) (if the

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

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

11 SECTION 80. IC 6-3.5-6-12, AS AMENDED BY P.L.77-2011,
 12 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 13 JULY 1, 2012]: Sec. 12. (a) The county option income tax imposed by
 14 a county income tax council under this chapter remains in effect until
 15 rescinded.

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

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

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

35 SECTION 81. IC 6-3.5-6-12.5, AS AMENDED BY P.L.77-2011,
 36 SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 37 JULY 1, 2012]: Sec. 12.5. (a) The county income tax council may
 38 adopt an ordinance to decrease the county option income tax rate in
 39 effect.

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

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

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

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

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

13 SECTION 82. IC 6-3.5-6-17, AS AMENDED BY P.L.229-2011,
 14 SECTION 90, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 15 JANUARY 1, 2012 (RETROACTIVE)]; Sec. 17. (a) Revenue derived
 16 from the imposition of the county option income tax shall, in the
 17 manner prescribed by this section, be distributed to the county that
 18 imposed it. The amount that is to be distributed to a county during an
 19 ensuing calendar year equals the amount of county option income tax
 20 revenue that the budget agency determines has been:

21 (1) received from that county for a taxable year ending in a
 22 calendar year preceding the calendar year in which the
 23 determination is made; and

24 (2) reported on an annual return or amended return processed by
 25 the department in the state fiscal year ending before July 1 of the
 26 calendar year in which the determination is made;

27 as adjusted (as determined after review of the recommendation of the
 28 budget agency) for refunds of county option income tax made in the
 29 state fiscal year.

30 (b) Before August 2 of each calendar year, the budget agency shall
 31 certify to the county auditor of each adopting county the amount
 32 determined under subsection (a) plus the amount of interest in the
 33 county's account that has accrued and has not been included in a
 34 certification made in a preceding year. The amount certified is the
 35 county's "certified distribution" for the immediately succeeding
 36 calendar year. The amount certified shall be adjusted, as necessary,
 37 under subsections (c), (d), (e), and (f). The budget agency shall provide
 38 the county council with an informative summary of the calculations
 39 used to determine the certified distribution. The summary of
 40 calculations must include:

41 (1) the amount reported on individual income tax returns
 42 processed by the department during the previous fiscal year;

43 (2) adjustments for over distributions in prior years;

44 (3) adjustments for clerical or mathematical errors in prior years;

45 (4) adjustments for tax rate changes; and

46 (5) the amount of excess account balances to be distributed under
 47 IC 6-3.5-6-17.3.

48 The budget agency shall also certify information concerning the part of
 49 the certified distribution that is attributable to a tax rate under section
 50 30, 31, or 32 of this chapter. This information must be certified to the

1 county auditor and to the department of local government finance not
2 later than September 1 of each calendar year. The part of the certified
3 distribution that is attributable to a tax rate under section 30, 31, or 32
4 of this chapter may be used only as specified in those provisions.

5 (c) The budget agency shall certify an amount less than the amount
6 determined under subsection (b) if the budget agency determines that
7 the reduced distribution is necessary to offset overpayments made in a
8 calendar year before the calendar year of the distribution. The budget
9 agency may reduce the amount of the certified distribution over several
10 calendar years so that any overpayments are offset over several years
11 rather than in one (1) lump sum.

12 (d) The budget agency shall adjust the certified distribution of a
13 county to correct for any clerical or mathematical errors made in any
14 previous certification under this section. The budget agency may
15 reduce the amount of the certified distribution over several calendar
16 years so that any adjustment under this subsection is offset over several
17 years rather than in one (1) lump sum.

18 (e) This subsection applies to a county that imposes, increases,
19 decreases, or rescinds a tax or tax rate under this chapter before
20 November 1 in the same calendar year in which the budget agency
21 makes a certification under this section. The budget agency shall adjust
22 the certified distribution of a county to provide for a distribution in the
23 immediately following calendar year and in each calendar year
24 thereafter. The budget agency shall provide for a full transition to
25 certification of distributions as provided in subsection (a)(1) through
26 (a)(2) in the manner provided in subsection (c). If the county imposes,
27 increases, decreases, or rescinds a tax or tax rate under this chapter
28 after the date for which a certification under subsection (b) is based, the
29 budget agency shall adjust the certified distribution of the county after
30 August 1 of the calendar year. The adjustment shall reflect any other
31 adjustment required under subsections (c), (d), and (f). The adjusted
32 certification shall be treated as the county's "certified distribution" for
33 the immediately succeeding calendar year. The budget agency shall
34 certify the adjusted certified distribution to the county auditor for the
35 county and provide the county council with an informative summary of
36 the calculations that revises the informative summary provided in
37 subsection (b) and reflects the changes made in the adjustment.

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

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

48 (2) the following:

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

- 1 (B) In a county other than a county containing a consolidated
2 city, two (2).
- 3 (g) One-twelfth (1/12) of each adopting county's certified
4 distribution for a calendar year shall be distributed from its account
5 established under section 16 of this chapter to the appropriate county
6 treasurer on the first **regular business** day of each month of that
7 calendar year.
- 8 (h) Upon receipt, each monthly payment of a county's certified
9 distribution shall be allocated among, distributed to, and used by the
10 civil taxing units of the county as provided in sections 18 and 19 of this
11 chapter.
- 12 (i) All distributions from an account established under section 16 of
13 this chapter shall be made by warrants issued by the auditor of state to
14 the treasurer of state ordering the appropriate payments.
- 15 (j) The budget agency shall before May 1 of every odd-numbered
16 year publish an estimate of the statewide total amount of certified
17 distributions to be made under this chapter during the following two (2)
18 calendar years.
- 19 (k) The budget agency shall before May 1 of every even-numbered
20 year publish an estimate of the statewide total amount of certified
21 distributions to be made under this chapter during the following
22 calendar year.
- 23 (l) The estimates under subsections (j) and (k) must specify the
24 amount of the estimated certified distributions that are attributable to
25 the additional rate authorized under section 30 of this chapter, the
26 additional rate authorized under section 31 of this chapter, the
27 additional rate authorized under section 32 of this chapter, and any
28 other additional rates authorized under this chapter.
- 29 SECTION 83. IC 6-3.5-6-28, AS AMENDED BY P.L.77-2011,
30 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
31 JULY 1, 2012]: Sec. 28. (a) This section applies only to Howard
32 County.
- 33 (b) Maintaining low property tax rates is essential to economic
34 development, and the use of county option income tax revenues as
35 provided in this section and as needed in the county to fund the
36 operation and maintenance of a jail and juvenile detention center,
37 rather than the use of property taxes, promotes that purpose.
- 38 (c) In addition to the rates permitted by sections 8 and 9 of this
39 chapter, the county fiscal body may impose a county option income tax
40 at a rate that does not exceed twenty-five hundredths percent (0.25%)
41 on the adjusted gross income of resident county taxpayers. The tax rate
42 may be adopted in any increment of one hundredth percent (0.01%).
43 Before the county fiscal body may adopt a tax rate under this section,
44 the county fiscal body must make the finding and determination set
45 forth in subsection (d). Section 8(e) of this chapter applies to the
46 application of the additional tax rate to nonresident taxpayers.
- 47 (d) In order to impose the county option income tax as provided in
48 this section, the county fiscal body must adopt an ordinance:
- 49 (1) finding and determining that revenues from the county option
50 income tax are needed in the county to fund the operation and

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

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

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

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

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

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

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

35 (i) The budget agency shall adjust the certified distribution of a
 36 county to provide for an increased distribution of taxes in the
 37 immediately following calendar year after the county adopts an
 38 increased tax rate under this section and in each calendar year
 39 thereafter. The budget agency shall provide for a full transition to
 40 certification of distributions as provided in section 17(a)(1) through
 41 17(a)(2) of this chapter in the manner provided in section 17(c) of this
 42 chapter.

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

46 SECTION 84. IC 6-3.5-6-29, AS AMENDED BY P.L.77-2011,
 47 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 48 JULY 1, 2012]: Sec. 29. (a) This section applies only to Scott County.
 49 Scott County is a county in which:

50 (1) maintaining low property tax rates is essential to economic

- 1 development; and
- 2 (2) the use of additional county option income tax revenues as
- 3 provided in this section, rather than the use of property taxes, to
- 4 fund:
- 5 (A) the financing, construction, acquisition, improvement,
- 6 renovation, equipping, operation, or maintenance of jail
- 7 facilities; and
- 8 (B) the repayment of bonds issued or leases entered into for
- 9 the purposes described in clause (A), except operation or
- 10 maintenance;
- 11 promotes the purpose of maintaining low property tax rates.
- 12 (b) The county fiscal body may impose the county option income tax
- 13 on the adjusted gross income of resident county taxpayers at a rate, in
- 14 addition to the rates permitted by sections 8 and 9 of this chapter, not
- 15 to exceed twenty-five hundredths percent (0.25%). Section 8(e) of this
- 16 chapter applies to the application of the additional rate to nonresident
- 17 taxpayers.
- 18 (c) To impose the county option income tax as provided in this
- 19 section, the county fiscal body must adopt an ordinance finding and
- 20 determining that additional revenues from the county option income tax
- 21 are needed in the county to fund:
- 22 (1) the financing, construction, acquisition, improvement,
- 23 renovation, equipping, operation, or maintenance of jail facilities;
- 24 and
- 25 (2) the repayment of bonds issued or leases entered into for the
- 26 purposes described in subdivision (1), except operation or
- 27 maintenance.
- 28 (d) If the county fiscal body makes a determination under subsection
- 29 (c), the county fiscal body may adopt an additional tax rate under
- 30 subsection (b). Subject to the limitations in subsection (b), the county
- 31 fiscal body may amend an ordinance adopted under this section to
- 32 increase, decrease, or rescind the additional tax rate imposed under this
- 33 section. ~~As soon as practicable after the adoption of an ordinance under~~
- 34 ~~this section;~~ **Not more than ten (10) days after the vote,** the county
- 35 fiscal body shall send a certified copy of the ordinance to the county
- 36 auditor, **the commissioner of the department, the director of the**
- 37 **budget agency, and the commissioner of the department of local**
- 38 **government finance and the department;** **by certified mail or in an**
- 39 **electronic format approved by the director of the budget agency.**
- 40 (e) If the county imposes an additional tax rate under this section,
- 41 the county treasurer shall establish a county jail revenue fund to be
- 42 used only for the purposes described in this section. County option
- 43 income tax revenues derived from the tax rate imposed under this
- 44 section shall be deposited in the county jail revenue fund before
- 45 making a certified distribution under section 18 of this chapter.
- 46 (f) County option income tax revenues derived from an additional
- 47 tax rate imposed under this section:
- 48 (1) may be used only for the purposes described in this section;
- 49 (2) may not be considered by the department of local government
- 50 finance in determining the county's maximum permissible

1 property tax levy limit under IC 6-1.1-18.5; and
 2 (3) may be pledged for the repayment of bonds issued or leases
 3 entered into to fund the purposes described in subsection (c)(1),
 4 except operation or maintenance.

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

13 SECTION 85. IC 6-3.5-6-30, AS AMENDED BY P.L.172-2011,
 14 SECTION 76, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 15 JULY 1, 2012]: Sec. 30. (a) In a county in which the county option
 16 income tax is in effect, the county income tax council may adopt an
 17 ordinance to impose or increase (as applicable) a tax rate under this
 18 section.

19 (b) In a county in which neither the county option adjusted gross
 20 income tax nor the county option income tax is in effect, the county
 21 income tax council may adopt an ordinance to impose a tax rate under
 22 this section.

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

30 (d) A tax rate under this section is in addition to any other tax rates
 31 imposed under this chapter and does not affect the purposes for which
 32 other tax revenue under this chapter may be used.

33 (e) The following apply only in the year in which a county income
 34 tax council first imposes a tax rate under this section:

35 (1) The county income tax council shall, in the ordinance
 36 imposing the tax rate, specify the tax rate for each of the
 37 following two (2) years.

38 (2) The tax rate that must be imposed in the county in the first
 39 year is equal to the result of:

40 (A) the tax rate determined for the county under
 41 IC 6-3.5-1.5-1(a) in that year; multiplied by

42 (B) the following:

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

45 (ii) In a county other than a county containing a consolidated
 46 city, two (2).

47 (3) The tax rate that must be imposed in the county in the second
 48 year is the tax rate determined for the county under
 49 IC 6-3.5-1.5-1(b). The tax rate under this subdivision continues
 50 in effect in later years unless the tax rate is increased under this

- 1 section.
- 2 (4) The levy limitations in IC 6-1.1-18.5-3(b), IC 6-1.1-18.5-3(c),
 3 IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its
 4 repeal), and IC 12-29-2-2(c) apply to property taxes first due and
 5 payable in the ensuing calendar year and to property taxes first
 6 due and payable in the calendar year after the ensuing calendar
 7 year.
- 8 (f) The following apply only in a year in which a county income tax
 9 council increases a tax rate under this section:
- 10 (1) The county income tax council shall, in the ordinance
 11 increasing the tax rate, specify the tax rate for the following year.
- 12 (2) The tax rate that must be imposed in the county is equal to the
 13 result of:
- 14 (A) the tax rate determined for the county under
 15 IC 6-3.5-1.5-1(a) in the year the tax rate is increased; plus
- 16 (B) the tax rate currently in effect in the county under this
 17 section.
- 18 The tax rate under this subdivision continues in effect in later
 19 years unless the tax rate is increased under this section.
- 20 (3) The levy limitations in IC 6-1.1-18.5-3(b), IC 6-1.1-18.5-3(c),
 21 IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its
 22 repeal), and IC 12-29-2-2(c) apply to property taxes first due and
 23 payable in the ensuing calendar year.
- 24 (g) The department of local government finance shall determine the
 25 following property tax replacement distribution amounts:
- 26 STEP ONE: Determine the sum of the amounts determined under
 27 STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) for the
 28 county in the preceding year.
- 29 STEP TWO: For distribution to each civil taxing unit that in the
 30 year had a maximum permissible property tax levy limited under
 31 IC 6-1.1-18.5-3(b), determine the result of:
- 32 (1) the quotient of:
- 33 (A) the part of the amount determined under STEP ONE of
 34 IC 6-3.5-1.5-1(a) in the preceding year that was attributable
 35 to the civil taxing unit; divided by
- 36 (B) the STEP ONE amount; multiplied by
- 37 (2) the tax revenue received by the county treasurer under this
 38 section.
- 39 STEP THREE: For distributions in 2009 and thereafter, the result
 40 of this STEP is zero (0). For distribution to the county for deposit
 41 in the county family and children's fund before 2009, determine
 42 the result of:
- 43 (1) the quotient of:
- 44 (A) the amount determined under STEP TWO of
 45 IC 6-3.5-1.5-1(a) in the preceding year; divided by
- 46 (B) the STEP ONE amount; multiplied by
- 47 (2) the tax revenue received by the county treasurer under this
 48 section.
- 49 STEP FOUR: For distributions in 2009 and thereafter, the result
 50 of this STEP is zero (0). For distribution to the county for deposit

- 1 in the county children's psychiatric residential treatment services
 2 fund before 2009, determine the result of:
- 3 (1) the quotient of:
- 4 (A) the amount determined under STEP THREE of
 5 IC 6-3.5-1.5-1(a) in the preceding year; divided by
 6 (B) the STEP ONE amount; multiplied by
- 7 (2) the tax revenue received by the county treasurer under this
 8 section.
- 9 STEP FIVE: For distribution to the county for community mental
 10 health center purposes, determine the result of:
- 11 (1) the quotient of:
- 12 (A) the amount determined under STEP FOUR of
 13 IC 6-3.5-1.5-1(a) in the preceding year; divided by
 14 (B) the STEP ONE amount; multiplied by
- 15 (2) the tax revenue received by the county treasurer under this
 16 section.
- 17 Except as provided in subsection (m), the county treasurer shall
 18 distribute the portion of the certified distribution that is attributable to
 19 a tax rate under this section as specified in this section. The county
 20 treasurer shall make the distributions under this subsection at the same
 21 time that distributions are made to civil taxing units under section 18
 22 of this chapter.
- 23 (h) Notwithstanding sections 12 and 12.5 of this chapter, a county
 24 income tax council may not decrease or rescind a tax rate imposed
 25 under this section.
- 26 (i) The tax rate under this section shall not be considered for
 27 purposes of computing:
- 28 (1) the maximum income tax rate that may be imposed in a county
 29 under section 8 or 9 of this chapter or any other provision of this
 30 chapter; or
- 31 (2) the maximum permissible property tax levy under
 32 IC 6-1.1-18.5-3.
- 33 (j) The tax levy under this section shall not be considered for
 34 purposes of the credit under IC 6-1.1-20.6.
- 35 (k) A distribution under this section shall be treated as a part of the
 36 receiving civil taxing unit's property tax levy for that year for purposes
 37 of fixing its budget and for determining the distribution of taxes that
 38 are distributed on the basis of property tax levies.
- 39 (l) If a county income tax council imposes a tax rate under this
 40 section, the county option income tax rate dedicated to locally funded
 41 homestead credits in the county may not be decreased.
- 42 (m) In the year following the year in which a county first imposes
 43 a tax rate under this section:
- 44 (1) one-third (1/3) of the tax revenue that is attributable to the tax
 45 rate under this section must be deposited in the county
 46 stabilization fund established under subsection (o), in the case of
 47 a county containing a consolidated city; and
- 48 (2) one-half (1/2) of the tax revenue that is attributable to the tax
 49 rate under this section must be deposited in the county
 50 stabilization fund established under subsection (o), in the case of

- 1 a county not containing a consolidated city.
- 2 (n) A pledge of county option income taxes does not apply to
3 revenue attributable to a tax rate under this section.
- 4 (o) A county stabilization fund is established in each county that
5 imposes a tax rate under this section. The county stabilization fund
6 shall be administered by the county auditor. If for a year the certified
7 distributions attributable to a tax rate under this section exceed the
8 amount calculated under STEP ONE through STEP FOUR of
9 IC 6-3.5-1.5-1(a) that is used by the department of local government
10 finance and the department of state revenue to determine the tax rate
11 under this section, the excess shall be deposited in the county
12 stabilization fund. Money shall be distributed from the county
13 stabilization fund in a year by the county auditor to political
14 subdivisions entitled to a distribution of tax revenue attributable to the
15 tax rate under this section if:
- 16 (1) the certified distributions attributable to a tax rate under this
17 section are less than the amount calculated under STEP ONE
18 through STEP FOUR of IC 6-3.5-1.5-1(a) that is used by the
19 department of local government finance and the department of
20 state revenue to determine the tax rate under this section for a
21 year; or
- 22 (2) the certified distributions attributable to a tax rate under this
23 section in a year are less than the certified distributions
24 attributable to a tax rate under this section in the preceding year.
- 25 However, subdivision (2) does not apply to the year following the first
26 year in which certified distributions of revenue attributable to the tax
27 rate under this section are distributed to the county.
- 28 (p) Notwithstanding any other provision, a tax rate imposed under
29 this section may not exceed one percent (1%).
- 30 (q) A county income tax council must each year hold at least one (1)
31 public meeting at which the county council discusses whether the tax
32 rate under this section should be imposed or increased.
- 33 (r) The department of local government finance and the department
34 of state revenue may take any actions necessary to carry out the
35 purposes of this section.
- 36 (s) Notwithstanding any other provision, in Lake County the county
37 council (and not the county income tax council) is the entity authorized
38 to take actions concerning the additional tax rate under this section.
- 39 SECTION 86. IC 6-3.5-6-31, AS AMENDED BY P.L.172-2011,
40 SECTION 77, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
41 JULY 1, 2012]: Sec. 31. (a) As used in this section, "public safety"
42 refers to the following:
- 43 (1) A police and law enforcement system to preserve public peace
44 and order.
- 45 (2) A firefighting and fire prevention system.
- 46 (3) Emergency ambulance services (as defined in
47 IC 16-18-2-107).
- 48 (4) Emergency medical services (as defined in IC 16-18-2-110).
- 49 (5) Emergency action (as defined in IC 13-11-2-65).
- 50 (6) A probation department of a court.

- 1 (7) Confinement, supervision, services under a community
 2 corrections program (as defined in IC 35-38-2.6-2), or other
 3 correctional services for a person who has been:
 4 (A) diverted before a final hearing or trial under an agreement
 5 that is between the county prosecuting attorney and the person
 6 or the person's custodian, guardian, or parent and that provides
 7 for confinement, supervision, community corrections services,
 8 or other correctional services instead of a final action
 9 described in clause (B) or (C);
 10 (B) convicted of a crime; or
 11 (C) adjudicated as a delinquent child or a child in need of
 12 services.
 13 (8) A juvenile detention facility under IC 31-31-8.
 14 (9) A juvenile detention center under IC 31-31-9.
 15 (10) A county jail.
 16 (11) A communications system (as defined in IC 36-8-15-3) or an
 17 enhanced emergency telephone system (as defined in
 18 IC 36-8-16-2).
 19 (12) Medical and health expenses for jail inmates and other
 20 confined persons.
 21 (13) Pension payments for any of the following:
 22 (A) A member of the fire department (as defined in
 23 IC 36-8-1-8) or any other employee of a fire department.
 24 (B) A member of the police department (as defined in
 25 IC 36-8-1-9), a police chief hired under a waiver under
 26 IC 36-8-4-6.5, or any other employee hired by a police
 27 department.
 28 (C) A county sheriff or any other member of the office of the
 29 county sheriff.
 30 (D) Other personnel employed to provide a service described
 31 in this section.
 32 (b) The county income tax council may adopt an ordinance to
 33 impose an additional tax rate under this section to provide funding for
 34 public safety if:
 35 (1) the county income tax council has imposed a tax rate under
 36 section 30 of this chapter, in the case of a county containing a
 37 consolidated city; or
 38 (2) the county income tax council has imposed a tax rate of at
 39 least twenty-five hundredths of one percent (0.25%) under section
 40 30 of this chapter, a tax rate of at least twenty-five hundredths of
 41 one percent (0.25%) under section 32 of this chapter, or a total
 42 combined tax rate of at least twenty-five hundredths of one
 43 percent (0.25%) under sections 30 and 32 of this chapter, in the
 44 case of a county other than a county containing a consolidated
 45 city.
 46 (c) A tax rate under this section may not exceed the following:
 47 (1) Five-tenths of one percent (0.5%), in the case of a county
 48 containing a consolidated city.
 49 (2) Twenty-five hundredths of one percent (0.25%), in the case of
 50 a county other than a county containing a consolidated city.

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

8 (e) A tax rate under this section is in addition to any other tax rates
 9 imposed under this chapter and does not affect the purposes for which
 10 other tax revenue under this chapter may be used.

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

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

20 (2) a fraction equal to:

21 (A) the total property taxes being collected in the county by
 22 the county or municipality for the calendar year; divided by

23 (B) the sum of the total property taxes being collected in the
 24 county by the county and each municipality in the county that
 25 is entitled to a distribution under this section for the calendar
 26 year.

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

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

39 (h) The tax rate under this section and the tax revenue attributable
 40 to the tax rate under this section shall not be considered for purposes
 41 of computing:

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

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

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

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

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

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

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

12 (m) A fire department, volunteer fire department, or emergency
13 medical services provider that:

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

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

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

33 SECTION 87. IC 6-3.5-6-32, AS AMENDED BY P.L.172-2011,
34 SECTION 78, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
35 JULY 1, 2012]: Sec. 32. (a) A county income tax council may impose
36 a tax rate under this section to provide property tax relief to taxpayers
37 in the county. A county income tax council is not required to impose
38 any other tax before imposing a tax rate under this section.

39 (b) A tax rate under this section may be imposed in increments of
40 five-hundredths of one percent (0.05%) determined by the county
41 income tax council. A tax rate under this section may not exceed one
42 percent (1%).

43 (c) A tax rate under this section is in addition to any other tax rates
44 imposed under this chapter and does not affect the purposes for which
45 other tax revenue under this chapter may be used.

46 (d) If a county income tax council adopts an ordinance to impose or
47 increase a tax rate under this section, **not more than ten (10) days**
48 **after the vote**, the county auditor shall send a certified copy of the
49 ordinance to the **commissioner of the department**, **the director of the**
50 **budget agency**, and the **commissioner of the department of local**

1 government finance by certified mail **or in an electronic format**
2 **approved by the director of the budget agency.**

3 (e) A tax rate under this section may be imposed, increased,
4 decreased, or rescinded at the same time and in the same manner that
5 the county income tax council may impose or increase a tax rate under
6 section 30 of this chapter.

7 (f) Tax revenue attributable to a tax rate under this section may be
8 used for any combination of the following purposes, as specified by
9 ordinance of the county income tax council:

10 (1) The tax revenue may be used to provide local property tax
11 replacement credits at a uniform rate to all taxpayers in the
12 county. The local property tax replacement credits shall be treated
13 for all purposes as property tax levies. The county auditor shall
14 determine the local property tax replacement credit percentage for
15 a particular year based on the amount of tax revenue that will be
16 used under this subdivision to provide local property tax
17 replacement credits in that year. A county income tax council may
18 not adopt an ordinance determining that tax revenue shall be used
19 under this subdivision to provide local property tax replacement
20 credits at a uniform rate to all taxpayers in the county unless the
21 county council has done the following:

22 (A) Made available to the public the county council's best
23 estimate of the amount of property tax replacement credits to
24 be provided under this subdivision to homesteads, other
25 residential property, commercial property, industrial property,
26 and agricultural property.

27 (B) Adopted a resolution or other statement acknowledging
28 that some taxpayers in the county that do not pay the tax rate
29 under this section will receive a property tax replacement
30 credit that is funded with tax revenue from the tax rate under
31 this section.

32 (2) The tax revenue may be used to uniformly increase (before
33 January 1, 2011) or uniformly provide (after December 31, 2010)
34 the homestead credit percentage in the county. The homestead
35 credits shall be treated for all purposes as property tax levies. The
36 homestead credits do not reduce the basis for determining any
37 state homestead credit. The homestead credits shall be applied to
38 the net property taxes due on the homestead after the application
39 of all other assessed value deductions or property tax deductions
40 and credits that apply to the amount owed under IC 6-1.1. The
41 county auditor shall determine the homestead credit percentage
42 for a particular year based on the amount of tax revenue that will
43 be used under this subdivision to provide homestead credits in
44 that year.

45 (3) The tax revenue may be used to provide local property tax
46 replacement credits at a uniform rate for all qualified residential
47 property (as defined in IC 6-1.1-20.6-4 before January 1, 2009,
48 and as defined in section 1 of this chapter after December 31,
49 2008) in the county. The local property tax replacement credits
50 shall be treated for all purposes as property tax levies. The county

1 auditor shall determine the local property tax replacement credit
2 percentage for a particular year based on the amount of tax
3 revenue that will be used under this subdivision to provide local
4 property tax replacement credits in that year.

5 (4) This subdivision applies only to Lake County. The Lake
6 County council may adopt an ordinance providing that the tax
7 revenue from the tax rate under this section is used for any of the
8 following:

9 (A) To reduce all property tax levies imposed by the county by
10 the granting of property tax replacement credits against those
11 property tax levies.

12 (B) To provide local property tax replacement credits in Lake
13 County in the following manner:

14 (i) The tax revenue under this section that is collected from
15 taxpayers within a particular municipality in Lake County
16 (as determined by the department based on the department's
17 best estimate) shall be used only to provide a local property
18 tax credit against property taxes imposed by that
19 municipality.

20 (ii) The tax revenue under this section that is collected from
21 taxpayers within the unincorporated area of Lake County (as
22 determined by the department) shall be used only to provide
23 a local property tax credit against property taxes imposed by
24 the county. The local property tax credit for the
25 unincorporated area of Lake County shall be available only
26 to those taxpayers within the unincorporated area of the
27 county.

28 (C) To provide property tax credits in the following manner:

29 (i) Sixty percent (60%) of the tax revenue under this section
30 shall be used as provided in clause (B).

31 (ii) Forty percent (40%) of the tax revenue under this section
32 shall be used to provide property tax replacement credits
33 against property tax levies of the county and each township
34 and municipality in the county. The percentage of the tax
35 revenue distributed under this item that shall be used as
36 credits against the county's levies or against a particular
37 township's or municipality's levies is equal to the percentage
38 determined by dividing the population of the county,
39 township, or municipality by the sum of the total population
40 of the county, each township in the county, and each
41 municipality in the county.

42 The Lake County council shall determine whether the credits
43 under clause (A), (B), or (C) shall be provided to homesteads, to
44 all qualified residential property, or to all taxpayers. The
45 department of local government finance, with the assistance of the
46 budget agency, shall certify to the county auditor and the fiscal
47 body of the county and each township and municipality in the
48 county the amount of property tax credits under this subdivision.
49 Except as provided in subsection (g), the tax revenue under this
50 section that is used to provide credits under this subdivision shall

1 be treated for all purposes as property tax levies.

2 The county income tax council may adopt an ordinance changing the
3 purposes for which tax revenue attributable to a tax rate under this
4 section shall be used in the following year.

5 (g) The tax rate under this section shall not be considered for
6 purposes of computing:

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

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

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

13 (h) Tax revenue under this section shall be treated as a part of the
14 receiving civil taxing unit's or school corporation's property tax levy for
15 that year for purposes of fixing the budget of the civil taxing unit or
16 school corporation and for determining the distribution of taxes that are
17 distributed on the basis of property tax levies. To the extent the county
18 auditor determines that there is income tax revenue remaining from the
19 tax under this section after providing the property tax replacement, the
20 excess shall be credited to a dedicated county account and may be used
21 only for property tax replacement under this section in subsequent
22 years.

23 (i) The department of local government finance, and the department
24 of state revenue may take any actions necessary to carry out the
25 purposes of this section.

26 (j) Notwithstanding any other provision, in Lake County the county
27 council (and not the county income tax council) is the entity authorized
28 to take actions concerning the tax rate under this section.

29 SECTION 88. IC 6-3.5-6-33, AS AMENDED BY P.L.77-2011,
30 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
31 JULY 1, 2012]: Sec. 33. (a) This section applies only to Monroe
32 County.

33 (b) Maintaining low property tax rates is essential to economic
34 development, and the use of county option income tax revenues as
35 provided in this chapter and as needed in the county to fund the
36 operation and maintenance of a juvenile detention center and other
37 facilities to provide juvenile services, rather than the use of property
38 taxes, promotes that purpose.

39 (c) In addition to the rates permitted by sections 8 and 9 of this
40 chapter, the county fiscal body may impose an additional county option
41 income tax at a rate of not more than twenty-five hundredths percent
42 (0.25%) on the adjusted gross income of resident county taxpayers if
43 the county fiscal body makes the finding and determination set forth in
44 subsection (d). Section 8(e) of this chapter applies to the application of
45 the additional rate to nonresident taxpayers.

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

48 (1) finding and determining that revenues from the county option
49 income tax are needed in the county to fund the operation and
50 maintenance of a juvenile detention center and other facilities

1 necessary to provide juvenile services; and
 2 (2) agreeing to freeze for the term in which an ordinance is in
 3 effect under this section the part of any property tax levy imposed
 4 in the county for the operation of the juvenile detention center and
 5 other facilities covered by the ordinance at the rate imposed in the
 6 year preceding the year in which a full year of additional county
 7 option income tax is certified for distribution to the county under
 8 this section.

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

21 (f) The county treasurer shall establish a county juvenile detention
 22 center revenue fund to be used only for the purposes described in this
 23 section. County option income tax revenues derived from the tax rate
 24 imposed under this section shall be deposited in the county juvenile
 25 detention center revenue fund before a certified distribution is made
 26 under section 18 of this chapter.

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

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

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

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

36 (i) The budget agency shall adjust the certified distribution of a
 37 county to provide for an increased distribution of taxes in the
 38 immediately following calendar year after the county adopts an
 39 increased tax rate under this section and in each calendar year
 40 thereafter. The budget agency shall provide for a full transition to
 41 certification of distributions as provided in section 17(a)(1) through
 42 17(a)(2) of this chapter in the manner provided in section 17(c) of this
 43 chapter.

44 SECTION 89. IC 6-3.5-7-1.5 IS REPEALED [EFFECTIVE JULY
 45 1, 2012]. ~~Sec. 1-5: As used in this chapter, "capital project" includes~~
 46 ~~substance removal or remedial action in a designated unit.~~

47 SECTION 90. IC 6-3.5-7-4.3, AS AMENDED BY SEA 115-2012,
 48 SECTION 49, IS REPEALED [EFFECTIVE JULY 1, 2012]. ~~Sec. 4-3:~~
 49 ~~As used in this chapter, "designated unit" refers to Tippecanoe County.~~

50 SECTION 91. IC 6-3.5-7-4.6 IS REPEALED [EFFECTIVE JULY

1 1, 2012]. Sec. 4.6: As used in this chapter, "remedial action" has the
 2 meaning set forth in IC 13-11-2-185.

3 SECTION 92. IC 6-3.5-7-4.7 IS REPEALED [EFFECTIVE JULY
 4 1, 2012]. Sec. 4.7: As used in this chapter, "removal" has the meaning
 5 set forth in IC 13-11-2-187.

6 SECTION 93. IC 6-3.5-7-4.8 IS REPEALED [EFFECTIVE JULY
 7 1, 2012]. Sec. 4.8: As used in this chapter, "substance" has the meaning
 8 set forth in IC 13-11-2-98 for "hazardous substance".

9 SECTION 94. IC 6-3.5-7-5, AS AMENDED BY SEA 115-2012,
 10 SECTION 48, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 11 JULY 1, 2012]: Sec. 5. (a) Except as provided in subsection (c), the
 12 county economic development income tax may be imposed on the
 13 adjusted gross income of county taxpayers. The entity that may impose
 14 the tax is:

- 15 (1) the county income tax council (as defined in IC 6-3.5-6-1) if
 16 the county option income tax is in effect on ~~March 31~~ **October 1**
 17 of the year the county economic development income tax is
 18 imposed;
- 19 (2) the county council if the county adjusted gross income tax is
 20 in effect on ~~March 31~~ **October 1** of the year the county economic
 21 development tax is imposed; or
- 22 (3) the county income tax council or the county council,
 23 whichever acts first, for a county not covered by subdivision (1)
 24 or (2).

25 To impose the county economic development income tax, a county
 26 income tax council shall use the procedures set forth in IC 6-3.5-6
 27 concerning the imposition of the county option income tax.

28 (b) Except as provided in ~~subsections (e) (g); (k); (p); and (r)~~ **this**
 29 **section** and section 28 of this chapter, the county economic
 30 development income tax may be imposed at a rate of:

- 31 (1) one-tenth percent (0.1%);
- 32 (2) two-tenths percent (0.2%);
- 33 (3) twenty-five hundredths percent (0.25%);
- 34 (4) three-tenths percent (0.3%);
- 35 (5) thirty-five hundredths percent (0.35%);
- 36 (6) four-tenths percent (0.4%);
- 37 (7) forty-five hundredths percent (0.45%); or
- 38 (8) five-tenths percent (0.5%);

39 on the adjusted gross income of county taxpayers.

40 (c) Except as provided in ~~subsection (h); (i); (j); (k); (l); (m); (n); (o);~~
 41 ~~(p); (s); (v); (w); (x); or (y)~~, **this section**, the county economic
 42 development income tax rate plus the county adjusted gross income tax
 43 rate, if any, that are in effect on January 1 of a year may not exceed one
 44 and twenty-five hundredths percent (1.25%). Except as provided in
 45 ~~subsection (g); (p); (r); (t); (u); (w); (x); or (y)~~, **this section**, the county
 46 economic development tax rate plus the county option income tax rate,
 47 if any, that are in effect on January 1 of a year may not exceed one
 48 percent (1%).

49 (d) To impose, increase, decrease, or rescind the county economic
 50 development income tax, the appropriate body must adopt an

1 ordinance.

2 (e) The ordinance to impose the tax must substantially state the
3 following:

4 "The _____ County _____ imposes the county economic
5 development income tax on the county taxpayers of _____
6 County. The county economic development income tax is imposed at
7 a rate of _____ percent (____%) on the county taxpayers of the
8 county."

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

16 (g) This subsection applies to Tippecanoe County. Except as
17 provided in subsection (p); in addition to the rates permitted by
18 subsection (b), the:

19 (1) county economic development income tax may be imposed at
20 a rate of:

21 (A) fifteen-hundredths percent (0.15%);

22 (B) two-tenths percent (0.2%); or

23 (C) twenty-five hundredths percent (0.25%); and

24 (2) county economic development income tax rate plus the county
25 option income tax rate that are in effect on January 1 of a year
26 may equal up to one and twenty-five hundredths percent (1.25%);
27 if the county income tax council makes a determination to impose rates
28 under this subsection and section 22 of this chapter.

29 (h) (g) For Jackson County, except as provided in subsection (p);
30 (o), the county economic development income tax rate plus the county
31 adjusted gross income tax rate that are in effect on January 1 of a year
32 may not exceed one and thirty-five hundredths percent (1.35%) if the
33 county has imposed the county adjusted gross income tax at a rate of
34 one and one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

35 (i) (h) For Pulaski County, except as provided in subsection (p); (o),
36 the county economic development income tax rate plus the county
37 adjusted gross income tax rate that are in effect on January 1 of a year
38 may not exceed one and fifty-five hundredths percent (1.55%).

39 (j) (i) For Wayne County, except as provided in subsection (p); (o),
40 the county economic development income tax rate plus the county
41 adjusted gross income tax rate that are in effect on January 1 of a year
42 may not exceed one and five-tenths percent (1.5%).

43 (k) (j) This subsection applies to Randolph County. Except as
44 provided in subsection (p); (o), in addition to the rates permitted under
45 subsection (b):

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

48 (2) the sum of the county economic development income tax rate
49 and the county adjusted gross income tax rate that are in effect on
50 January 1 of a year may not exceed one and five-tenths percent

1 (1.5%);
2 if the county council makes a determination to impose rates under this
3 subsection and section 22.5 of this chapter.
4 ~~(j)~~ **(k)** For Daviess County, except as provided in subsection ~~(p)~~; **(o)**,
5 the county economic development income tax rate plus the county
6 adjusted gross income tax rate that are in effect on January 1 of a year
7 may not exceed one and five-tenths percent (1.5%).
8 ~~(m)~~ **(l)** For:
9 (1) Elkhart County; or
10 (2) Marshall County;
11 except as provided in subsection ~~(p)~~; **(o)**, the county economic
12 development income tax rate plus the county adjusted gross income tax
13 rate that are in effect on January 1 of a year may not exceed one and
14 five-tenths percent (1.5%).
15 ~~(n)~~ **(m)** For Union County, except as provided in subsection ~~(p)~~; **(o)**,
16 the county economic development income tax rate plus the county
17 adjusted gross income tax rate that are in effect on January 1 of a year
18 may not exceed one and five-tenths percent (1.5%).
19 ~~(o)~~ **(n)** This subsection applies to Knox County. Except as provided
20 in subsection ~~(p)~~; **(o)**, in addition to the rates permitted under
21 subsection (b):
22 (1) the county economic development income tax may be imposed
23 at a rate of twenty-five hundredths percent (0.25%); and
24 (2) the sum of the county economic development income tax rate
25 and:
26 (A) the county adjusted gross income tax rate that are in effect
27 on January 1 of a year may not exceed one and five-tenths
28 percent (1.5%); or
29 (B) the county option income tax rate that are in effect on
30 January 1 of a year may not exceed one and twenty-five
31 hundredths percent (1.25%);
32 if the county council makes a determination to impose rates under this
33 subsection and section 24 of this chapter.
34 ~~(p)~~ **(o)** In addition:
35 (1) the county economic development income tax may be imposed
36 at a rate that exceeds by not more than twenty-five hundredths
37 percent (0.25%) the maximum rate that would otherwise apply
38 under this section; and
39 (2) the:
40 (A) county economic development income tax; and
41 (B) county option income tax or county adjusted gross income
42 tax;
43 may be imposed at combined rates that exceed by not more than
44 twenty-five hundredths percent (0.25%) the maximum combined
45 rates that would otherwise apply under this section.
46 However, the additional rate imposed under this subsection may not
47 exceed the amount necessary to mitigate the increased ad valorem
48 property taxes on homesteads (as defined in IC 6-1.1-20.9-1 (repealed)
49 before January 1, 2009, or IC 6-1.1-12-37 after December 31, 2008) or
50 residential property (as defined in section 26 of this chapter), as

1 appropriate under the ordinance adopted by the adopting body in the
 2 county, resulting from the deduction of the assessed value of inventory
 3 in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42 or from the
 4 exclusion in 2008 of inventory from the definition of personal property
 5 in IC 6-1.1-1-11.

6 ~~(p)~~ **(p)** If the county economic development income tax is imposed
 7 as authorized under subsection ~~(p)~~ **(o)** at a rate that exceeds the
 8 maximum rate that would otherwise apply under this section, the
 9 certified distribution must be used for the purpose provided in section
 10 ~~25(e)~~ **or** 26 of this chapter to the extent that the certified distribution
 11 results from the difference between:

- 12 (1) the actual county economic development tax rate; and
- 13 (2) the maximum rate that would otherwise apply under this
 14 section.

15 ~~(q)~~ **(q)** This subsection applies only to a county described in section
 16 27 of this chapter. Except as provided in subsection ~~(p)~~ **(o)**, in addition
 17 to the rates permitted by subsection (b), the:

- 18 (1) county economic development income tax may be imposed at
 19 a rate of twenty-five hundredths percent (0.25%); and
- 20 (2) county economic development income tax rate plus the county
 21 option income tax rate that are in effect on January 1 of a year
 22 may equal up to one and twenty-five hundredths percent (1.25%);
 23 if the county council makes a determination to impose rates under this
 24 subsection and section 27 of this chapter.

25 ~~(r)~~ **(r)** Except as provided in subsection ~~(p)~~ **(o)**, the county
 26 economic development income tax rate plus the county adjusted gross
 27 income tax rate that are in effect on January 1 of a year may not exceed
 28 one and five-tenths percent (1.5%) if the county has imposed the
 29 county adjusted gross income tax under IC 6-3.5-1.1-3.3.

30 ~~(s)~~ **(s)** This subsection applies to Howard County. Except as
 31 provided in subsection ~~(p)~~ **(o)**, the sum of the county economic
 32 development income tax rate and the county option income tax rate that
 33 are in effect on January 1 of a year may not exceed one and twenty-five
 34 hundredths percent (1.25%).

35 ~~(t)~~ **(t)** This subsection applies to Scott County. Except as provided
 36 in subsection ~~(p)~~ **(o)**, the sum of the county economic development
 37 income tax rate and the county option income tax rate that are in effect
 38 on January 1 of a year may not exceed one and twenty-five hundredths
 39 percent (1.25%).

40 ~~(u)~~ **(u)** This subsection applies to Jasper County. Except as provided
 41 in subsection ~~(p)~~ **(o)**, the sum of the county economic development
 42 income tax rate and the county adjusted gross income tax rate that are
 43 in effect on January 1 of a year may not exceed one and five-tenths
 44 percent (1.5%).

45 ~~(v)~~ **(v)** An additional county economic development income tax rate
 46 imposed under section 28 of this chapter may not be considered in
 47 calculating any limit under this section on the sum of:

- 48 (1) the county economic development income tax rate plus the
 49 county adjusted gross income tax rate; or
- 50 (2) the county economic development tax rate plus the county

- 1 option income tax rate.
- 2 ~~(x)~~ **(w)** The income tax rate limits imposed by subsection (c) or ~~(y)~~
- 3 **(x)** or any other provision of this chapter do not apply to:
- 4 (1) a county adjusted gross income tax rate imposed under
- 5 IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26; or
- 6 (2) a county option income tax rate imposed under IC 6-3.5-6-30,
- 7 IC 6-3.5-6-31, or IC 6-3.5-6-32.

8 For purposes of computing the maximum combined income tax rate

9 under subsection (c) or ~~(y)~~ **(x)** or any other provision of this chapter

10 that may be imposed in a county under IC 6-3.5-1.1, IC 6-3.5-6, and

11 this chapter, a county's county adjusted gross income tax rate or county

12 option income tax rate for a particular year does not include the county

13 adjusted gross income tax rate imposed under IC 6-3.5-1.1-24,

14 IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26 or the county option income tax rate

15 imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.

16 ~~(y)~~ **(x)** This subsection applies to Monroe County. Except as

17 provided in subsection ~~(p)~~; **(o)**, if an ordinance is adopted under

18 IC 6-3.5-6-33, the sum of the county economic development income

19 tax rate and the county option income tax rate that are in effect on

20 January 1 of a year may not exceed one and twenty-five hundredths

21 percent (1.25%).

22 ~~(z)~~ **(y)** This subsection applies to Perry County. Except as provided

23 in subsection ~~(p)~~; **(o)**, if an ordinance is adopted under section 27.5 of

24 this chapter, the county economic development income tax rate plus the

25 county option income tax rate that is in effect on January 1 of a year

26 may not exceed one and seventy-five hundredths percent (1.75%).

27 **(z) This subsection applies to Starke County. Except as provided**

28 **in subsection (o), if an ordinance is adopted under section 27.6 of**

29 **this chapter, the county economic development income tax rate**

30 **plus the county adjusted gross income tax rate that is in effect on**

31 **January 1 of a year may not exceed two percent (2%).**

32 SECTION 95. IC 6-3.5-7-6, AS AMENDED BY P.L.77-2011,

33 SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

34 JULY 1, 2012]: Sec. 6. (a) The body imposing the tax may decrease or

35 increase the county economic development income tax rate imposed

36 upon the county taxpayers as long as the resulting rate does not exceed

37 the rates specified in section 5(b) and 5(c) ~~or 5(g)~~ of this chapter. The

38 rate imposed under this section must be adopted at one (1) of the rates

39 specified in section 5(b) of this chapter. To decrease or increase the

40 rate, the appropriate body must adopt an ordinance. The ordinance

41 must substantially state the following:

42 "The _____ County _____ increases (decreases) the

43 county economic development income tax rate imposed upon the

44 county taxpayers of the county from _____ percent (____%) to

45 _____ percent (____%)."

46 (b) The auditor of a county shall record all votes taken on

47 ordinances presented for a vote under the authority of this section and,

48 **immediately not more than ten (10) days after the vote**, send a

49 certified copy of the results to **the commissioner of the department,**

50 **the director of the budget agency, and the commissioner of the**

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

3 SECTION 96. IC 6-3.5-7-7, AS AMENDED BY P.L.77-2011,
 4 SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 5 JULY 1, 2012]: Sec. 7. (a) The county economic development income
 6 tax imposed under this chapter remains in effect until rescinded.

7 (b) Subject to section 14 of this chapter, the body imposing the
 8 county economic development income tax may rescind the tax by
 9 adopting an ordinance.

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

17 SECTION 97. IC 6-3.5-7-11, AS AMENDED BY P.L.229-2011,
 18 SECTION 92, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 19 JULY 1, 2012]: Sec. 11. (a) Revenue derived from the imposition of
 20 the county economic development income tax shall, in the manner
 21 prescribed by this section, be distributed to the county that imposed it.

22 (b) Before August 2 of each calendar year, the budget agency, shall
 23 certify to the county auditor of each adopting county the sum of the
 24 amount of county economic development income tax revenue that the
 25 budget agency determines has been:

- 26 (1) received from that county for a taxable year ending before the
- 27 calendar year in which the determination is made; and
- 28 (2) reported on an annual return or amended return processed by
- 29 the department in the state fiscal year ending before July 1 of the
- 30 calendar year in which the determination is made;

31 as adjusted for refunds of county economic development income tax
 32 made in the state fiscal year plus the amount of interest in the county's
 33 account that has been accrued and has not been included in a
 34 certification made in a preceding year. The amount certified is the
 35 county's certified distribution, which shall be distributed on the dates
 36 specified in section 16 of this chapter for the following calendar year.

37 (c) The amount certified under subsection (b) shall be adjusted
 38 under subsections (d), (e), (f), **and (g).** ~~and (h)~~. The budget agency
 39 shall provide the county council with an informative summary of the
 40 calculations used to determine the certified distribution. The summary
 41 of calculations must include:

- 42 (1) the amount reported on individual income tax returns
- 43 processed by the department during the previous fiscal year;
- 44 (2) adjustments for over distributions in prior years;
- 45 (3) adjustments for clerical or mathematical errors in prior years;
- 46 (4) adjustments for tax rate changes; and
- 47 (5) the amount of excess account balances to be distributed under
- 48 IC 6-3.5-7-17.3.

49 (d) The budget agency shall certify an amount less than the amount
 50 determined under subsection (b) if the budget agency determines that

1 the reduced distribution is necessary to offset overpayments made in a
 2 calendar year before the calendar year of the distribution. The budget
 3 agency may reduce the amount of the certified distribution over several
 4 calendar years so that any overpayments are offset over several years
 5 rather than in one (1) lump sum.

6 (e) The budget agency shall adjust the certified distribution of a
 7 county to correct for any clerical or mathematical errors made in any
 8 previous certification under this section. The budget agency may
 9 reduce the amount of the certified distribution over several calendar
 10 years so that any adjustment under this subsection is offset over several
 11 years rather than in one (1) lump sum.

12 ~~(f) The budget agency shall adjust the certified distribution of a~~
 13 ~~county to provide the county with the distribution required under~~
 14 ~~section 16(b) of this chapter.~~

15 ~~(g)~~ (f) The budget agency shall adjust the certified distribution of a
 16 county to provide the county with the amount of any tax increase
 17 imposed under section 25 or 26 of this chapter to provide additional
 18 homestead credits as provided in those provisions.

19 ~~(h)~~ (g) This subsection applies to a county that imposes, increases,
 20 decreases, or rescinds a tax or tax rate under this chapter before
 21 November 1 in the same calendar year in which the budget agency
 22 makes a certification under this section. The budget agency shall adjust
 23 the certified distribution of a county to provide for a distribution in the
 24 immediately following calendar year and in each calendar year
 25 thereafter. The budget agency shall provide for a full transition to
 26 certification of distributions as provided in subsection (b)(1) through
 27 (b)(2) in the manner provided in subsection (d). If the county imposes,
 28 increases, decreases, or rescinds a tax or tax rate under this chapter
 29 after the date for which a certification under subsection (b) is based, the
 30 budget agency shall adjust the certified distribution of the county after
 31 August 1 of the calendar year. The adjustment shall reflect any other
 32 adjustment authorized under subsections (c), (d), (e), and (f). ~~and (g).~~
 33 The adjusted certification shall be treated as the county's certified
 34 distribution for the immediately succeeding calendar year. The budget
 35 agency shall certify the adjusted certified distribution to the county
 36 auditor for the county and provide the county council with an
 37 informative summary of the calculations that revises the informative
 38 summary provided in subsection (c) and reflects the changes made in
 39 the adjustment.

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

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

48 ~~(k)~~ (j) The estimates under subsections ~~(i) and (j)~~ (h) and (i) must
 49 specify the amount of the estimated certified distributions that are
 50 attributable to any additional rates authorized under this chapter.

1 SECTION 98. IC 6-3.5-7-12, AS AMENDED BY P.L.199-2011,
 2 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 3 JANUARY 1, 2012 (RETROACTIVE)]: Sec. 12. (a) Except as
 4 provided in sections 23, ~~25~~, 26, 27, 27.5, **27.6**, and 28 of this chapter,
 5 the county auditor shall distribute in the manner specified in this
 6 section the certified distribution to the county.

7 (b) Except as provided in subsections (c) and (h) and ~~sections~~
 8 **section 15 and 25** of this chapter, and subject to adjustment as
 9 provided in IC 36-8-19-7.5, the amount of the certified distribution that
 10 the county and each city or town in a county is entitled to receive
 11 ~~during May and November~~ **each month** of each year equals the product
 12 of the following:

13 (1) The amount of the certified distribution for that month;
 14 multiplied by

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

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

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

20 The denominator of the fraction equals the sum of the total
 21 property taxes that are first due and payable to the county and all
 22 cities and towns of the county during the calendar year in which
 23 the month falls, plus the welfare allocation amount. The welfare
 24 allocation amount is an amount equal to the sum of the property
 25 taxes imposed by the county in 1999 for the county's welfare fund
 26 and welfare administration fund and, if the county received a
 27 certified distribution under this chapter in 2008, the property
 28 taxes imposed by the county in 2008 for the county's county
 29 medical assistance to wards fund, family and children's fund,
 30 children's psychiatric residential treatment services fund, county
 31 hospital care for the indigent fund, and children with special
 32 health care needs county fund.

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

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

40 (2) Except as provided in ~~sections 25 and~~ **section 26** of this
 41 chapter, the amount of the certified distribution that the county
 42 and each city and town in the county is entitled to receive during
 43 ~~May and November~~ **each month** of each year equals the product
 44 of:

45 (A) the amount of the certified distribution for the month;
 46 multiplied by

47 (B) a fraction. For a city or town, the numerator of the fraction
 48 equals the population of the city or the town. For a county, the
 49 numerator of the fraction equals the population of the part of
 50 the county that is not located in a city or town. The

- 1 denominator of the fraction equals the sum of the population
 2 of all cities and towns located in the county and the population
 3 of the part of the county that is not located in a city or town.
- 4 (3) The ordinance may be made irrevocable for the duration of
 5 specified lease rental or debt service payments.
- 6 (d) The body imposing the tax may not adopt an ordinance under
 7 subsection (c) if, before the adoption of the proposed ordinance, any of
 8 the following have pledged the county economic development income
 9 tax for any purpose permitted by IC 5-1-14 or any other statute:
- 10 (1) The county.
 11 (2) A city or town in the county.
 12 (3) A commission, a board, a department, or an authority that is
 13 authorized by statute to pledge the county economic development
 14 income tax.
- 15 (e) The department of local government finance shall provide each
 16 county auditor with the fractional amount of the certified distribution
 17 that the county and each city or town in the county is entitled to receive
 18 under this section.
- 19 (f) Money received by a county, city, or town under this section
 20 shall be deposited in the unit's economic development income tax fund.
- 21 (g) Except as provided in subsection (b)(2)(B), in determining the
 22 fractional amount of the certified distribution the county and its cities
 23 and towns are entitled to receive under subsection (b) during a calendar
 24 year, the department of local government finance shall consider only
 25 property taxes imposed on tangible property subject to assessment in
 26 that county.
- 27 (h) In a county having a consolidated city, only the consolidated city
 28 is entitled to the certified distribution, subject to the requirements of
 29 sections 15 ~~25~~, and 26 of this chapter.
- 30 SECTION 99. IC 6-3.5-7-13.1, AS AMENDED BY SEA 115,
 31 SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 32 JULY 1, 2012]: Sec. 13.1. (a) The fiscal officer of each county, city, or
 33 town for a county in which the county economic development tax is
 34 imposed shall establish an economic development income tax fund.
 35 Except as provided in sections 23, ~~25~~, 26, 27, ~~and 27.5~~, **and 27.6** of this
 36 chapter, the revenue received by a county, city, or town under this
 37 chapter shall be deposited in the unit's economic development income
 38 tax fund.
- 39 (b) As used in this subsection, "homestead" means a homestead that
 40 is eligible for a standard deduction under IC 6-1.1-12-37. Except as
 41 provided in sections 15, 23, ~~25~~, 26, 27, ~~and 27.5~~, **and 27.6** of this
 42 chapter, revenues from the county economic development income tax
 43 may be used as follows:
- 44 (1) By a county, city, or town for economic development projects,
 45 for paying, notwithstanding any other law, under a written
 46 agreement all or a part of the interest owed by a private developer
 47 or user on a loan extended by a financial institution or other
 48 lender to the developer or user if the proceeds of the loan are or
 49 are to be used to finance an economic development project, for
 50 the retirement of bonds under section 14 of this chapter for

1 economic development projects, for leases under section 21 of
2 this chapter, or for leases or bonds entered into or issued prior to
3 the date the economic development income tax was imposed if
4 the purpose of the lease or bonds would have qualified as a
5 purpose under this chapter at the time the lease was entered into
6 or the bonds were issued.

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

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

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

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

16 (D) contract payments to a nonprofit corporation whose
17 primary corporate purpose is to assist government in planning
18 and implementing economic development projects;

19 (E) operating expenses of a governmental entity that plans or
20 implements economic development projects;

21 (F) to the extent not otherwise allowed under this chapter,
22 funding substance removal or remedial action in a designated
23 unit; or

24 (G) funding of a revolving fund established under
25 IC 5-1-14-14.

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

28 (4) By a city or county described in IC 36-7.5-2-3(b) for making
29 transfers required by IC 36-7.5-4-2. If the county economic
30 development income tax rate is increased after April 30, 2005, in
31 Porter County, the first three million five hundred thousand
32 dollars (\$3,500,000) of the tax revenue that results each year from
33 the tax rate increase shall be used by the county or by eligible
34 municipalities (as defined in IC 36-7.5-1-11.3) in the county only
35 to make the county's transfer required by IC 36-7.5-4-2. The first
36 three million five hundred thousand dollars (\$3,500,000) of the
37 tax revenue that results each year from the tax rate increase shall
38 be paid by the county treasurer to the treasurer of the northwest
39 Indiana regional development authority under IC 36-7.5-4-2
40 before certified distributions are made to the county or any cities
41 or towns in the county under this chapter from the tax revenue
42 that results each year from the tax rate increase. If Porter County
43 ceases to be a member of the northwest Indiana regional
44 development authority under IC 36-7.5 but two (2) or more
45 municipalities in the county have become members of the
46 northwest Indiana regional development authority as authorized
47 by IC 36-7.5-2-3(i), the county treasurer shall continue to transfer
48 the three million five hundred thousand dollars (\$3,500,000) to
49 the treasurer of the northwest Indiana regional development
50 authority under IC 36-7.5-4-2 before certified distributions are

1 made to the county or any cities or towns in the county. In Porter
2 County, all of the tax revenue that results each year from the tax
3 rate increase that is in excess of the first three million five
4 hundred thousand dollars (\$3,500,000) that results each year from
5 the tax rate increase must be used by the county and cities and
6 towns in the county for homestead credits under subdivision (5).
7 (5) This subdivision applies only in Porter County. All of the tax
8 revenue that results each year from a tax rate increase described
9 in subdivision (4) that is in excess of the first three million five
10 hundred thousand dollars (\$3,500,000) that results each year from
11 the tax rate increase must be used by the county and cities and
12 towns in the county for homestead credits under this subdivision.
13 The following apply to homestead credits provided under this
14 subdivision:

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

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

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

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

29 (6) This subdivision applies only in Lake County. The county or
30 a city or town in the county may use county economic
31 development income tax revenue to provide homestead credits in
32 the county, city, or town. The following apply to homestead
33 credits provided under this subdivision:

34 (A) The county, city, or town fiscal body must adopt an
35 ordinance authorizing the homestead credits. The ordinance
36 must specify the amount of county economic development
37 income tax revenue that will be used to provide homestead
38 credits in the following year.

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

44 (C) The homestead credits must be applied uniformly to
45 increase the homestead credit under IC 6-1.1-20.9 (repealed)
46 for homesteads in the county, city, or town (for property taxes
47 first due and payable before January 1, 2009) or to provide a
48 homestead credit for homesteads in the county, city, or town
49 (for property taxes first due and payable after December 31,
50 2008).

- 1 (D) The homestead credits shall be treated for all purposes as
2 property tax levies.
- 3 (E) The homestead credits shall be applied to the net property
4 taxes due on the homestead after the application of all other
5 assessed value deductions or property tax deductions and
6 credits that apply to the amount owed under IC 6-1.1.
- 7 (F) The department of local government finance shall
8 determine the homestead credit percentage for a particular
9 year based on the amount of county economic development
10 income tax revenue that will be used under this subdivision to
11 provide homestead credits in that year.
- 12 (7) For a regional venture capital fund established under section
13 13.5 of this chapter or a local venture capital fund established
14 under section 13.6 of this chapter.
- 15 (8) This subdivision applies only to LaPorte County, if:
- 16 (A) the county fiscal body has adopted an ordinance under
17 IC 36-7.5-2-3(e) providing that the county is joining the
18 northwest Indiana regional development authority; and
- 19 (B) the fiscal body of the city described in IC 36-7.5-2-3(e) has
20 adopted an ordinance under IC 36-7.5-2-3(e) providing that
21 the city is joining the development authority.
- 22 Revenue from the county economic development income tax may
23 be used by a county or a city described in this subdivision for
24 making transfers required by IC 36-7.5-4-2. In addition, if the
25 county economic development income tax rate is increased after
26 June 30, 2006, in the county, the first three million five hundred
27 thousand dollars (\$3,500,000) of the tax revenue that results each
28 year from the tax rate increase shall be used by the county only to
29 make the county's transfer required by IC 36-7.5-4-2. The first
30 three million five hundred thousand dollars (\$3,500,000) of the
31 tax revenue that results each year from the tax rate increase shall
32 be paid by the county treasurer to the treasurer of the northwest
33 Indiana regional development authority under IC 36-7.5-4-2
34 before certified distributions are made to the county or any cities
35 or towns in the county under this chapter from the tax revenue
36 that results each year from the tax rate increase. All of the tax
37 revenue that results each year from the tax rate increase that is in
38 excess of the first three million five hundred thousand dollars
39 (\$3,500,000) that results each year from the tax rate increase must
40 be used by the county and cities and towns in the county for
41 homestead credits under subdivision (9).
- 42 (9) This subdivision applies only to LaPorte County. All of the tax
43 revenue that results each year from a tax rate increase described
44 in subdivision (8) that is in excess of the first three million five
45 hundred thousand dollars (\$3,500,000) that results each year from
46 the tax rate increase must be used by the county and cities and
47 towns in the county for homestead credits under this subdivision.
48 The following apply to homestead credits provided under this
49 subdivision:
- 50 (A) The homestead credits must be applied uniformly to

- 1 provide a homestead credit for homesteads in the county, city,
 2 or town.
- 3 (B) The homestead credits shall be treated for all purposes as
 4 property tax levies.
- 5 (C) The homestead credits shall be applied to the net property
 6 taxes due on the homestead after the application of all other
 7 assessed value deductions or property tax deductions and
 8 credits that apply to the amount owed under IC 6-1.1.
- 9 (D) The department of local government finance shall
 10 determine the homestead credit percentage for a particular
 11 year based on the amount of county economic development
 12 income tax revenue that will be used under this subdivision to
 13 provide homestead credits in that year.
- 14 (c) As used in this section, an economic development project is any
 15 project that:
- 16 (1) the county, city, or town determines will:
- 17 (A) promote significant opportunities for the gainful
 18 employment of its citizens;
- 19 (B) attract a major new business enterprise to the unit; or
 20 (C) retain or expand a significant business enterprise within
 21 the unit; and
- 22 (2) involves an expenditure for:
- 23 (A) the acquisition of land;
 24 (B) interests in land;
 25 (C) site improvements;
 26 (D) infrastructure improvements;
 27 (E) buildings;
 28 (F) structures;
 29 (G) rehabilitation, renovation, and enlargement of buildings
 30 and structures;
 31 (H) machinery;
 32 (I) equipment;
 33 (J) furnishings;
 34 (K) facilities;
 35 (L) administrative expenses associated with such a project,
 36 including contract payments authorized under subsection
 37 (b)(2)(D);
 38 (M) operating expenses authorized under subsection (b)(2)(E);
 39 or
 40 (N) to the extent not otherwise allowed under this chapter,
 41 substance removal or remedial action in a designated unit;
 42 or any combination of these.
- 43 (d) If there are bonds outstanding that have been issued under
 44 section 14 of this chapter or leases in effect under section 21 of this
 45 chapter, the county or a city or town may not expend money from its
 46 economic development income tax fund for a purpose authorized under
 47 subsection (b)(3) in a manner that would adversely affect owners of the
 48 outstanding bonds or payment of any lease rentals due.
- 49 SECTION 100. IC 6-3.5-7-15 IS AMENDED TO READ AS
 50 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 15. (a) The executive

1 of a county, city, or town may, subject to the use of the certified
2 distribution permitted under ~~sections 25 and section 26~~ of this chapter:

3 (1) adopt a capital improvement plan specifying the uses of the
4 revenues to be received under this chapter; or

5 (2) designate the county or a city or town in the county as the
6 recipient of all or a part of its share of the distribution.

7 (b) If a designation is made under subsection (a)(2), the county
8 treasurer shall transfer the share or part of the share to the designated
9 unit unless that unit does not have a capital improvement plan.

10 (c) A county, city, or town that fails to adopt a capital improvement
11 plan may not receive:

12 (1) its fractional amount of the certified distribution; or

13 (2) any amount designated under subsection (a)(2);

14 for the year or years in which the unit does not have a plan. The county
15 treasurer shall retain the certified distribution and any designated
16 distribution for such a unit in a separate account until the unit adopts
17 a plan. Interest on the separate account becomes part of the account. If
18 a unit fails to adopt a plan for a period of three (3) years, then the
19 balance in the separate account shall be distributed to the other units in
20 the county based on property taxes first due and payable to the units
21 during the calendar year in which the three (3) year period expires.

22 (d) A capital improvement plan must include the following
23 components:

24 (1) Identification and general description of each project that
25 would be funded by the county economic development income
26 tax.

27 (2) The estimated total cost of the project.

28 (3) Identification of all sources of funds expected to be used for
29 each project.

30 (4) The planning, development, and construction schedule of each
31 project.

32 (e) A capital improvement plan:

33 (1) must encompass a period of no less than two (2) years; and

34 (2) must incorporate projects the cost of which is at least
35 seventy-five percent (75%) of the fractional amount certified
36 distribution expected to be received by the county, city, or town
37 in that period of time.

38 (f) In making a designation under subsection (a)(2), the executive
39 must specify the purpose and duration of the designation. If the
40 designation is made to provide for the payment of lease rentals or bond
41 payments, the executive may specify that the designation and its
42 duration are irrevocable.

43 SECTION 101. IC 6-3.5-7-16, AS AMENDED BY SEA 115-2012,
44 SECTION 50, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
45 APRIL 1, 2012]: Sec. 16. (a) ~~Except as provided in subsections (b) and~~
46 ~~(e), on May 1 of each year, one-half (1/2) One-twelfth (1/12)~~ of each
47 county's certified distribution for a calendar year shall be distributed
48 from its account established under section 10 of this chapter to the
49 **appropriate** county treasurer ~~The other one-half (1/2) shall be~~
50 ~~distributed on November 1 the first regular business day of each~~

1 **month** of that calendar year.

2 (b) This subsection applies to Porter County; if the ordinance
3 imposing the tax is adopted before July 1 of a year. Notwithstanding
4 section 11 of this chapter, the initial certified distribution certified for
5 a county under section 11 of this chapter shall be distributed to the
6 county treasurer from the account established for the county under
7 section 10 of this chapter according to the following schedule during
8 the eighteen (18) month period beginning on July 1 of the year in
9 which the county initially adopts an ordinance under section 5 of this
10 chapter:

11 (1) One-fourth (1/4) on October 1 of the year in which the
12 ordinance was adopted.

13 (2) One-fourth (1/4) on January 1 of the calendar year following
14 the year in which the ordinance was adopted.

15 (3) One-fourth (1/4) on May 1 of the calendar year following the
16 year in which the ordinance was adopted.

17 (4) One-fourth (1/4) on November 1 of the calendar year
18 following the year in which the ordinance was adopted.

19 The county auditor and county treasurer shall distribute amounts
20 received under this subsection to a county and each city or town in the
21 county in the same proportions as are set forth in section 12 of this
22 chapter. Certified distributions made to the county treasurer for
23 calendar years following the eighteen (18) month period described in
24 this subsection shall be made as provided in subsection (a).

25 (c) Before July 1 of each year, a county's certified distribution for
26 additional homestead credits under section 25 or 26 of this chapter for
27 the year shall be distributed from the county's account established
28 under section 10 of this chapter.

29 (d) (b) All distributions from an account established under section
30 10 of this chapter shall be made by warrants issued by the auditor of
31 state to the treasurer of state ordering the appropriate payments.

32 SECTION 102. IC 6-3.5-7-22 IS REPEALED [EFFECTIVE JULY
33 1, 2012]. Sec. 22: (a) This section only applies to a designated unit.

34 (b) The county income tax council may, by ordinance, determine
35 that economic development income tax money is needed in the county
36 to fund substance removal and remedial action, including the
37 repayment of bonds or other debt incurred for substance removal or
38 remedial action; and the actions taken to fund substance removal and
39 remedial action serve a public purpose by promoting public health,
40 welfare, and safety.

41 (c) If the county income tax council makes a determination under
42 subsection (b); the county income tax council may adopt a tax rate
43 under section 5(g) of this chapter. The tax rate may not be imposed at
44 a rate or for a time greater than is necessary to fund substance removal
45 and remedial action in the county, including the repayment of bonds or
46 other debt incurred for substance removal or remedial action.

47 (d) The county treasurer shall establish a substance removal and
48 remedial action fund to be used only for the purposes described in this
49 section. County economic development income tax revenues derived
50 from the tax rate imposed under section 5(g) of this chapter shall be

1 deposited in the substance removal and remedial action fund before
2 making a certified distribution under section 12 of this chapter.

3 (e) The county income tax council may, by ordinance, appropriate
4 or pledge any part of the substance removal and remediation action
5 fund to a political subdivision or to an entity formed by an interlocal
6 cooperation agreement under IC 36-1-7 for the purposes set forth in
7 this chapter in the county.

8 (f) The county auditor shall distribute the amount specified in the
9 ordinance to the designated political subdivision or to an entity formed
10 by an interlocal cooperation agreement under IC 36-1-7 from the
11 substance removal and remedial action fund.

12 (g) Bonds issued by a political subdivision or an entity formed by an
13 interlocal cooperation agreement under IC 36-1-7 payable from the
14 substance removal and remedial action fund do not constitute debt of
15 a designated unit or a city or town in the designated unit; and the bonds
16 shall contain a statement on their face to that effect and to the effect
17 that the bonds are payable solely from money in the substance removal
18 and remedial action fund; and other available funds; and are not
19 supported by the full faith and credit of the county, city, or town.

20 SECTION 103. IC 6-3.5-7-25 IS REPEALED [EFFECTIVE JULY
21 1, 2012]. Sec. 25: (a) This section applies only to a county that has
22 adopted an ordinance under IC 6-1.1-12-41(f).

23 (b) For purposes of this section, "imposing entity" means the entity
24 that adopted the ordinance under IC 6-1.1-12-41(f).

25 (c) The imposing entity may adopt an ordinance to provide for the
26 use of the certified distribution described in section 16(e) of this
27 chapter for the purpose provided in subsection (e). A county income
28 tax council that adopts an ordinance under this subsection shall use the
29 procedures set forth in IC 6-3.5-6 concerning the adoption of an
30 ordinance for the imposition of the county option income tax. Except
31 as provided in subsection (j), an ordinance must be adopted under this
32 subsection after March 31 but before August 1 of a calendar year. The
33 ordinance may provide for an additional rate under section 5(p) of this
34 chapter. An ordinance adopted under this subsection:

35 (1) first applies to the certified distribution described in section
36 16(e) of this chapter made in the calendar year that immediately
37 succeeds the calendar year in which the ordinance is adopted;

38 (2) must specify the calendar years to which the ordinance
39 applies; and

40 (3) must specify that the certified distribution must be used to
41 provide for:

42 (A) uniformly applied increased homestead credits as provided
43 in subsection (f); or

44 (B) allocated increased homestead credits as provided in
45 subsection (h).

46 An ordinance adopted under this subsection may be combined with an
47 ordinance adopted under section 26 of this chapter.

48 (d) If an ordinance is adopted under subsection (c), the percentage
49 of the certified distribution specified in the ordinance for use for the
50 purpose provided in subsection (e) shall be:

1 (1) retained by the county auditor under subsection (i); and
 2 (2) used for the purpose provided in subsection (e) instead of the
 3 purposes specified in the capital improvement plans adopted
 4 under section 15 of this chapter.

5 (e) If an ordinance is adopted under subsection (e), the imposing
 6 entity shall use the certified distribution described in section 16(c) of
 7 this chapter to increase the homestead credit allowed in the county
 8 under IC 6-1.1-20.9 for a year to offset the effect on homesteads in the
 9 county resulting from a county deduction for inventory under
 10 IC 6-1.1-12-41.

11 (f) If the imposing entity specifies the application of uniform
 12 increased homestead credits under subsection (e)(3)(A), the county
 13 auditor shall, for each calendar year in which an increased homestead
 14 credit percentage is authorized under this section, determine:

- 15 (1) the amount of the certified distribution that is available to
 16 provide an increased homestead credit percentage for the year;
 17 (2) the amount of uniformly applied homestead credits for the
 18 year in the county that equals the amount determined under
 19 subdivision (1); and
 20 (3) the increased percentage of homestead credit that equates to
 21 the amount of homestead credits determined under subdivision
 22 (2).

23 (g) The increased percentage of homestead credit determined by the
 24 county auditor under subsection (f) applies uniformly in the county in
 25 the calendar year for which the increased percentage is determined.

26 (h) If the imposing entity specifies the application of allocated
 27 increased homestead credits under subsection (e)(3)(B), the county
 28 auditor shall, for each calendar year in which an increased homestead
 29 credit is authorized under this section, determine:

- 30 (1) the amount of the certified distribution that is available to
 31 provide an increased homestead credit for the year; and
 32 (2) an increased percentage of homestead credit for each taxing
 33 district in the county that allocates to the taxing district an amount
 34 of increased homestead credits that bears the same proportion to
 35 the amount determined under subdivision (1) that the amount of
 36 inventory assessed value deducted under IC 6-1.1-12-41 in the
 37 taxing district for the immediately preceding year's assessment
 38 date bears to the total inventory assessed value deducted under
 39 IC 6-1.1-12-41 in the county for the immediately preceding year's
 40 assessment date.

41 (i) The county auditor shall retain from the payments of the county's
 42 certified distribution an amount equal to the revenue lost, if any, due to
 43 the increase of the homestead credit within the county. The money shall
 44 be distributed to the civil taxing units and school corporations of the
 45 county:

- 46 (1) as if the money were from property tax collections; and
 47 (2) in such a manner that no civil taxing unit or school
 48 corporation will suffer a net revenue loss because of the
 49 allowance of an increased homestead credit.

50 (j) An entity authorized to adopt:

1 (1) an ordinance under subsection (e); and
 2 (2) an ordinance under IC 6-1.1-12-41(f);
 3 may consolidate the two (2) ordinances. The limitation under
 4 subsection (e) that an ordinance must be adopted after January 1 of a
 5 calendar year does not apply if a consolidated ordinance is adopted
 6 under this subsection. However, notwithstanding subsection (c)(1), the
 7 ordinance must state that it first applies to certified distributions in the
 8 calendar year in which property taxes are initially affected by the
 9 deduction under IC 6-1.1-12-41.

10 SECTION 104. IC 6-3.5-7-25.5 IS REPEALED [EFFECTIVE JULY
 11 1, 2012]. Sec. 25.5: Subject to the approval of the imposing entity, the
 12 county auditor may adjust the increased percentage of homestead credit
 13 determined under section 25(h)(2) of this chapter if the county auditor
 14 determines that the adjustment is necessary to achieve an equitable
 15 reduction of property taxes among the homesteads in the county.

16 SECTION 105. IC 6-3.5-7-26, AS AMENDED BY P.L.77-2011,
 17 SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 18 JULY 1, 2012]: Sec. 26. (a) This section applies only to homestead and
 19 property tax replacement credits for property taxes first due and
 20 payable after calendar year 2006.

21 (b) The following definitions apply throughout this section:

22 (1) "Adopt" includes amend.

23 (2) "Adopting entity" means:

24 (A) the entity that adopts an ordinance under
 25 IC 6-1.1-12-41(f); or

26 (B) any other entity that may impose a county economic
 27 development income tax under section 5 of this chapter.

28 (3) "Homestead" refers to tangible property that is eligible for a
 29 homestead credit under IC 6-1.1-20.9 (repealed) or the standard
 30 deduction under IC 6-1.1-12-37.

31 (4) "Residential" refers to the following:

32 (A) Real property, a mobile home, and industrialized housing
 33 that would qualify as a homestead if the taxpayer had filed for
 34 a homestead credit under IC 6-1.1-20.9 (repealed) or the
 35 standard deduction under IC 6-1.1-12-37.

36 (B) Real property not described in clause (A) designed to
 37 provide units that are regularly used to rent or otherwise
 38 furnish residential accommodations for periods of thirty (30)
 39 days or more, regardless of whether the tangible property is
 40 subject to assessment under rules of the department of local
 41 government finance that apply to:

42 (i) residential property; or

43 (ii) commercial property.

44 (c) An adopting entity may adopt an ordinance to provide for the use
 45 of the certified distribution described in section ~~16(e)~~ **16** of this chapter
 46 for the purpose provided in subsection (e). An adopting entity that
 47 adopts an ordinance under this subsection shall use the procedures set
 48 forth in IC 6-3.5-6 concerning the adoption of an ordinance for the
 49 imposition of the county option income tax. The ordinance may provide
 50 for an additional rate under section ~~5(p)~~ **5(o)** of this chapter. An

1 ordinance adopted under this subsection:

2 (1) first applies to the certified distribution described in section
 3 ~~16(c)~~ 16 of this chapter made in the later of the calendar year that
 4 immediately succeeds the calendar year in which the ordinance is
 5 adopted or calendar year 2007; and

6 (2) must specify that the certified distribution must be used to
 7 provide for one (1) of the following, as determined by the
 8 adopting entity:

9 (A) Uniformly applied homestead credits as provided in
 10 subsection (f).

11 (B) Uniformly applied residential credits as provided in
 12 subsection (g).

13 (C) Allocated homestead credits as provided in subsection (i).

14 (D) Allocated residential credits as provided in subsection (j).

15 An ordinance adopted under this subsection may be combined with an
 16 ordinance adopted under section 25 of this chapter **(before its repeal)**.

17 (d) If an ordinance is adopted under subsection (c), the percentage
 18 of the certified distribution specified in the ordinance for use for the
 19 purpose provided in subsection (e) shall be:

20 (1) retained by the county auditor under subsection (k); and

21 (2) used for the purpose provided in subsection (e) instead of the
 22 purposes specified in the capital improvement plans adopted
 23 under section 15 of this chapter.

24 (e) If an ordinance is adopted under subsection (c), the adopting
 25 entity shall use the certified distribution described in section ~~16(c)~~ 16
 26 of this chapter to provide:

27 (1) if the ordinance grants a credit described in subsection
 28 (c)(2)(A) or (c)(2)(C), a homestead credit for homesteads; or

29 (2) if the ordinance grants a credit described in subsection
 30 (c)(2)(B) or (c)(2)(D), a property tax replacement credit for
 31 residential property;

32 for property taxes to offset the effect on homesteads or residential
 33 property, as applicable, in the county resulting from the statewide
 34 deduction for inventory under IC 6-1.1-12-42 or from the exclusion in
 35 2008 of inventory from the definition of personal property in
 36 IC 6-1.1-1-11. The amount of a residential property tax replacement
 37 credit granted under this section may not be considered in computing
 38 the amount of any homestead credit to which the residential property
 39 may be entitled under IC 6-1.1-20.9 (before its repeal) or another law
 40 other than IC 6-1.1-20.6.

41 (f) If the imposing entity specifies the application of uniform
 42 homestead credits under subsection (c)(2)(A), the county auditor shall,
 43 for each calendar year in which a homestead credit percentage is
 44 authorized under this section, determine:

45 (1) the amount of the certified distribution that is available to
 46 provide a homestead credit percentage under this section for the
 47 year;

48 (2) the amount of uniformly applied homestead credits for the
 49 year in the county that equals the amount determined under
 50 subdivision (1); and

- 1 (3) the percentage of homestead credit under this section that
2 equates to the amount of homestead credits determined under
3 subdivision (2).
- 4 (g) If the imposing entity specifies the application of uniform
5 residential credits under subsection (c)(2)(B), the county auditor shall
6 determine for each calendar year in which a homestead credit
7 percentage is authorized under this section:
- 8 (1) the amount of the certified distribution that is available to
9 provide a residential property tax replacement credit percentage
10 for the year;
- 11 (2) the amount of uniformly applied residential property tax
12 replacement credits for the year in the county that equals the
13 amount determined under subdivision (1); and
- 14 (3) the percentage of residential property tax replacement credit
15 under this section that equates to the amount of residential
16 property tax replacement credits determined under subdivision
17 (2).
- 18 (h) The percentage of homestead credit determined by the county
19 auditor under subsection (f) or the percentage of residential property
20 tax replacement credit determined by the county auditor under
21 subsection (g) applies uniformly in the county in the calendar year for
22 which the percentage is determined.
- 23 (i) If the imposing entity specifies the application of allocated
24 homestead credits under subsection (c)(2)(C), the county auditor shall,
25 for each calendar year in which a homestead credit is authorized under
26 this section, determine:
- 27 (1) the amount of the certified distribution that is available to
28 provide a homestead credit under this section for the year; and
- 29 (2) except as provided in subsection (1), a percentage of
30 homestead credit for each taxing district in the county that
31 allocates to the taxing district an amount of homestead credits that
32 bears the same proportion to the amount determined under
33 subdivision (1) that the amount of inventory assessed value
34 deducted under IC 6-1.1-12-42 in the taxing district for the
35 assessment date in 2006 bears to the total inventory assessed
36 value deducted under IC 6-1.1-12-42 in the county for the
37 assessment date in 2006.
- 38 (j) If the imposing entity specifies the application of allocated
39 residential property tax replacement credits under subsection (c)(2)(D),
40 the county auditor shall determine for each calendar year in which a
41 residential property tax replacement credit is authorized under this
42 section:
- 43 (1) the amount of the certified distribution that is available to
44 provide a residential property tax replacement credit under this
45 section for the year; and
- 46 (2) except as provided in subsection (1), a percentage of
47 residential property tax replacement credit for each taxing district
48 in the county that allocates to the taxing district an amount of
49 residential property tax replacement credits that bears the same
50 proportion to the amount determined under subdivision (1) that

1 the amount of inventory assessed value deducted under
 2 IC 6-1.1-12-42 in the taxing district for the assessment date in
 3 2006 bears to the total inventory assessed value deducted under
 4 IC 6-1.1-12-42 in the county for the assessment date in 2006.

5 (k) The county auditor shall retain from the payments of the county's
 6 certified distribution an amount equal to the revenue lost, if any, due to
 7 the homestead credit or residential property tax replacement credit
 8 provided under this section within the county. The money shall be
 9 distributed to the civil taxing units and school corporations of the
 10 county:

- 11 (1) as if the money were from property tax collections; and
- 12 (2) in such a manner that no civil taxing unit or school
 13 corporation will suffer a net revenue loss because of the
 14 allowance of a homestead credit or residential property tax
 15 replacement credit under this section.

16 (l) Subject to the approval of the imposing entity, the county auditor
 17 may adjust the increased percentage of:

- 18 (1) homestead credit determined under subsection (i)(2) if the
 19 county auditor determines that the adjustment is necessary to
 20 achieve an equitable reduction of property taxes among the
 21 homesteads in the county; or
- 22 (2) residential property tax replacement credit determined under
 23 subsection (j)(2) if the county auditor determines that the
 24 adjustment is necessary to achieve an equitable reduction of
 25 property taxes among the residential property in the county.

26 SECTION 106. IC 6-3.5-7-27, AS AMENDED BY P.L.77-2011,
 27 SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 28 JULY 1, 2012]: Sec. 27. (a) This section applies to a county that:

- 29 (1) operates a courthouse that is subject to an order that:
 30 (A) is issued by a federal district court;
 31 (B) applies to an action commenced before January 1, 2003;
 32 and
 33 (C) requires the county to comply with the federal Americans
 34 with Disabilities Act; and
- 35 (2) has insufficient revenues to finance the construction,
 36 acquisition, improvement, renovation, equipping, and operation
 37 of the courthouse facilities and related facilities.

38 (b) A county described in this section possesses unique fiscal
 39 challenges in financing, renovating, equipping, and operating the
 40 county courthouse facilities and related facilities because the county
 41 consistently has one (1) of the highest unemployment rates in Indiana.
 42 Maintaining low property tax rates is essential to economic
 43 development in the county. The use of economic development income
 44 tax revenues under this section for the purposes described in subsection
 45 (c) promotes that purpose.

46 (c) In addition to actions authorized by section 5 of this chapter, a
 47 county council may, using the procedures set forth in this chapter,
 48 adopt an ordinance to impose an additional county economic
 49 development income tax on the adjusted gross income of county
 50 taxpayers. The ordinance imposing the additional tax must include a

1 finding that revenues from additional tax are needed to pay the costs of:

2 (1) constructing, acquiring, improving, renovating, equipping, or
3 operating the county courthouse or related facilities;

4 (2) repaying any bonds issued, or leases entered into, for
5 constructing, acquiring, improving, renovating, equipping, or
6 operating the county courthouse or related facilities; and

7 (3) economic development projects described in the county's
8 capital improvement plan.

9 (d) The tax rate imposed under this section may not exceed
10 twenty-five hundredths percent (0.25%).

11 (e) If the county council adopts an ordinance to impose an
12 additional tax under this section, the county auditor shall, ~~immediately~~
13 **not more than ten (10) days after the vote**, send a certified copy of
14 the ordinance to **the commissioner of the department, the director of**
15 **the budget agency, and the commissioner of the department of**
16 **local government finance** by certified mail **or in an electronic**
17 **format approved by the director of the budget agency**. The county
18 treasurer shall establish a county facilities revenue fund to be used only
19 for the purposes described in subsection (c)(1) and (c)(2). The amount
20 of county economic development income tax revenues derived from the
21 tax rate imposed under this section that are necessary to pay the costs
22 described in subsection (c)(1) and (c)(2) shall be deposited into the
23 county facilities revenue fund before a certified distribution is made
24 under section 12 of this chapter. The remainder shall be deposited into
25 the economic development income tax funds of the county's units.

26 (f) County economic development income tax revenues derived
27 from the tax rate imposed under this section may not be used for
28 purposes other than those described in this section.

29 (g) County economic development income tax revenues derived
30 from the tax rate imposed under this section that are deposited into the
31 county facilities revenue fund may not be considered by the department
32 of local government finance in determining the county's ad valorem
33 property tax levy for an ensuing calendar year under IC 6-1.1-18.5.

34 (h) Notwithstanding any other law, funds accumulated from the
35 county economic development income tax imposed under this section
36 and deposited into the county facilities revenue fund or any other
37 revenues of the county may be deposited into a nonreverting fund of
38 the county to be used for operating costs of the courthouse facilities,
39 juvenile detention facilities, or related facilities. Amounts in the county
40 nonreverting fund may not be used by the department of local
41 government finance to reduce the county's ad valorem property tax levy
42 for an ensuing calendar year under IC 6-1.1-18.5.

43 SECTION 107. IC 6-3.5-7-27.6 IS ADDED TO THE INDIANA
44 CODE AS A **NEW SECTION TO READ AS FOLLOWS**
45 **[EFFECTIVE UPON PASSAGE]: Sec. 27.6. (a) This section applies**
46 **to Starke County.**

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

49 **(1) the county's predominantly rural geography, demography,**
50 **and economy;**

1 (2) the county's relatively low tax base and relatively high
2 property tax rates;

3 (3) the current maximum capacity of the county jail, which
4 was constructed in 1976; and

5 (4) pending federal class action litigation seeking a mandate
6 to address capacity and living conditions in the county jail.

7 The use of county economic development income tax revenue
8 under this section is necessary for the county to address jail
9 capacity and appropriate inmate living conditions and to maintain
10 low property tax rates essential to economic development. The use
11 of the economic development income tax revenue under this section
12 for the purposes described in subsections (c) and (d) promotes that
13 purpose.

14 (c) The county council may, by ordinance, determine that
15 additional county economic development income tax revenue is
16 needed in the county to:

17 (1) finance, construct, acquire, and equip the county jail and
18 related buildings and parking facilities, including costs related
19 to the demolition of existing buildings, the acquisition of land,
20 and any other reasonably related costs; and

21 (2) repay bonds issued or leases entered into for constructing,
22 acquiring, and equipping the county jail and related buildings
23 and parking facilities, including costs related to the demolition
24 of existing buildings, the acquisition of land, and any other
25 reasonably related costs.

26 (d) The county council may, by ordinance, determine that
27 additional county economic development income tax revenue is
28 needed in the county to operate or maintain the facilities described
29 in subsection (c)(1) that are located in the county. The county
30 council may make a determination under this subsection and under
31 subsection (c).

32 (e) In addition to the rates permitted by section 5 of this
33 chapter, the county council may, subject to subsections (f) and (g),
34 impose the county economic development income tax at a rate not
35 to exceed sixty-five hundredths percent (0.65%) on the adjusted
36 gross income of county taxpayers if the county council:

37 (1) makes the determination described in subsection (c); or

38 (2) makes both the determination described in subsection (c)
39 and the determination described in subsection (d).

40 (f) If the county council makes only the determination under
41 subsection (c), the county council may adopt a tax rate under
42 subsection (e). The tax rate may not exceed the lesser of:

43 (1) sixty-five hundredths percent (0.65%); or

44 (2) the tax rate that is necessary to pay the costs of financing,
45 acquiring, and equipping the county jail and related buildings
46 and parking facilities, including costs related to the demolition
47 of existing buildings, the acquisition of land, and any other
48 reasonably related costs.

49 (g) If the county council makes both the determination under
50 subsection (c) and the determination under subsection (d), the
51 county council may adopt a tax rate under subsection (e). The tax

1 rate may not exceed the lesser of:

2 (1) sixty-five hundredths percent (0.65%); or

3 (2) the tax rate that is necessary to:

4 (A) pay the costs of financing, acquiring, and equipping the
5 county jail and related buildings and parking facilities,
6 including costs related to the demolition of existing
7 buildings, the acquisition of land, and any other reasonably
8 related costs; and

9 (B) provide sufficient annual revenues to operate and
10 maintain the facilities described in subsection (c)(1).

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

13 (1) the date on which the last of any bonds issued or leases
14 entered into to finance the facilities are fully paid; or

15 (2) the date on which the ordinance under subsection (c) or (d)
16 is repealed or rescinded.

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

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

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

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

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

34 (3) may be pledged to the repayment of bonds issued or leases
35 entered into for the purposes described in subsection (c).

36 SECTION 108. IC 6-3.5-7-28, AS AMENDED BY P.L.172-2011,
37 SECTION 79, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
38 JULY 1, 2012]: Sec. 28. (a) This section applies only to a county that
39 is a member of a regional development authority under IC 36-7.6.

40 (b) In addition to the rates permitted by section 5 of this chapter, the
41 entity that imposed the county economic development income tax
42 under section 5 of this chapter (or, in the case of a county that has not
43 imposed the county economic development income tax, the entity that
44 may impose the county economic development income tax under
45 section 5(a)(3) of this chapter) may by ordinance impose an additional
46 county economic development income tax at a rate of:

47 (1) in the case of a county described in IC 36-7.6-4-2(b)(2),
48 twenty-five thousandths of one percent (0.025%); or

49 (2) in the case of any other county to which this section applies,
50 five-hundredths of one percent (0.05%);

51 on the adjusted gross income of county taxpayers.

1 (c) If an additional county economic development income tax is
 2 imposed under this section, the county treasurer shall establish a county
 3 regional development authority fund. Notwithstanding any other
 4 provision of this chapter, the county economic development income tax
 5 revenues derived from the additional county economic development
 6 income tax imposed under this section must be deposited in the county
 7 regional development authority fund before any certified distributions
 8 are made under section 12 of this chapter.

9 (d) County economic development income tax revenues derived
 10 from the additional county economic development income tax imposed
 11 under this section and deposited in the county regional development
 12 authority fund:

13 (1) shall, not more than thirty (30) days after being deposited in
 14 the county regional development authority fund, be transferred as
 15 provided in IC 36-7.6-4-2 to the development fund of the regional
 16 development authority for which the county is a member; and

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

20 (e) Notwithstanding sections 5 and 6 of this chapter, if a county
 21 becomes a member of a regional development authority under
 22 IC 36-7.6 and imposes an additional county economic development
 23 income tax under this section before July 1 of a year, then,
 24 notwithstanding section 11 or any other provision of this chapter, the
 25 initial certified distribution of the tax revenue that results from the
 26 additional tax shall be distributed to the county treasurer from the
 27 account established for the county under this chapter according to the
 28 following schedule during the eighteen (18) month period beginning on
 29 July 1 of the year in which the county adopts the ordinance to impose
 30 the additional tax:

31 (1) One-fourth (1/4) on October 1 of the year in which the
 32 ordinance to impose the additional tax is adopted.

33 (2) One-fourth (1/4) on January 1 of the calendar year following
 34 the year in which the ordinance to impose the additional tax is
 35 adopted.

36 (3) One-fourth (1/4) on May 1 of the calendar year following the
 37 year in which the ordinance to impose the additional tax is
 38 adopted.

39 (4) One-fourth (1/4) on November 1 of the calendar year
 40 following the year in which the ordinance to impose the additional
 41 tax is adopted.

42 SECTION 109. IC 6-8.1-9-1, AS AMENDED BY P.L.172-2011,
 43 SECTION 89, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 44 JULY 1, 2012]: Sec. 1. (a) If a person has paid more tax than the
 45 person determines is legally due for a particular taxable period, the
 46 person may file a claim for a refund with the department. Except as
 47 provided in subsections (f) **and** (g), **and** (h); in order to obtain the
 48 refund, the person must file the claim with the department within three
 49 (3) years after the latter of the following:

50 (1) The due date of the return.

1 (2) The date of payment.

2 For purposes of this section, the due date for a return filed for the state
3 gross retail or use tax, the gasoline tax, the special fuel tax, the motor
4 carrier fuel tax, the oil inspection fee, or the petroleum severance tax
5 is the end of the calendar year which contains the taxable period for
6 which the return is filed. The claim must set forth the amount of the
7 refund to which the person is entitled and the reasons that the person
8 is entitled to the refund.

9 (b) After considering the claim and all evidence relevant to the
10 claim, the department shall issue a decision on the claim, stating the
11 part, if any, of the refund allowed and containing a statement of the
12 reasons for any part of the refund that is denied. The department shall
13 mail a copy of the decision to the person who filed the claim. If the
14 person disagrees with a part of the decision, the person may file a
15 protest and request a hearing with the department. The department
16 shall mail a copy of the decision to the person who filed the protest. If
17 the department allows the full amount of the refund claim, a warrant for
18 the payment of the claim is sufficient notice of the decision.

19 (c) If the person disagrees with any part of the department's
20 decision, the person may appeal the decision, regardless of whether or
21 not the person protested the tax payment or whether or not the person
22 has accepted a refund. The person must file the appeal with the tax
23 court. The tax court does not have jurisdiction to hear a refund appeal
24 suit, if:

25 ~~(1) the appeal is filed more than three (3) years after the date the~~
26 ~~claim for refund was filed with the department;~~

27 ~~(2) (1) the appeal is filed more than ninety (90) days after the later~~
28 ~~of the date the department mails:~~

29 (A) the decision of denial of the claim to the person; or

30 (B) the decision made on the protest filed under subsection

31 (b); or

32 ~~(3) (2) the appeal is filed both before the decision is issued and~~
33 ~~before the one hundred eighty-first day after the date the person~~
34 ~~files the claim for refund with the department.~~

35 (d) The tax court shall hear the appeal de novo and without a jury,
36 and after the hearing may order or deny any part of the appealed
37 refund. The court may assess the court costs in any manner that it feels
38 is equitable. The court may enjoin the collection of any of the listed
39 taxes under IC 33-26-6-2. The court may also allow a refund of taxes,
40 interest, and penalties that have been paid to and collected by the
41 department.

42 (e) With respect to the motor vehicle excise tax, this section applies
43 only to penalties and interest paid on assessments of the motor vehicle
44 excise tax. Any other overpayment of the motor vehicle excise tax is
45 subject to IC 6-6-5.

46 (f) If a taxpayer's federal income tax liability for a taxable year is
47 modified by the Internal Revenue Service, and the modification would
48 result in a reduction of the tax legally due, the due date by which the
49 taxpayer must file a claim for refund with the department is the later of:

50 (1) the date determined under subsection (a); or

1 (2) the date that is one hundred eighty (180) days after the date on
 2 which the taxpayer is notified of the modification by the Internal
 3 Revenue Service.

4 (g) If an agreement to extend the assessment time period is entered
 5 into under IC 6-8.1-5-2(h), the period during which a person may file
 6 a claim for a refund under subsection (a) is extended to the same date
 7 to which the assessment time period is extended.

8 (h) If a taxpayer's claim for a refund of gross retail or use tax is
 9 based on:

10 (1) ~~IC 6-2.5-4-5(c)(3); or~~

11 (2) the exemption provided by ~~IC 6-2.5-5-5.1~~ for electrical
 12 energy; natural or artificial gas; water; steam; and steam heat;
 13 the person must file the claim with the department within eighteen (18)
 14 months after the date of payment.

15 SECTION 110. IC 6-9-2-2, AS AMENDED BY SEA 115-2012,
 16 SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 17 APRIL 1, 2012]: Sec. 2. (a) The revenue received by the county
 18 treasurer under this chapter shall be allocated to the Lake County
 19 convention and visitor bureau, Indiana University-Northwest, Purdue
 20 University-Calumet, municipal public safety departments, municipal
 21 physical and economic development divisions, and the cities and towns
 22 in the county as provided in this section. Subsections (b) through (g) do
 23 not apply to the distribution of revenue received under section 1 of this
 24 chapter from hotels, motels, inns, tourist camps, tourist cabins, and
 25 other lodgings or accommodations built or refurbished after June 30,
 26 1993, that are located in the ~~largest city of the county: Gary.~~

27 (b) The Lake County convention and visitor bureau shall establish
 28 a convention, tourism, and visitor promotion fund (referred to in this
 29 chapter as the "promotion fund"). The county treasurer shall transfer to
 30 the Lake County convention and visitor bureau for deposit in the
 31 promotion fund thirty-five percent (35%) of the first one million two
 32 hundred thousand dollars (\$1,200,000) of revenue received from the
 33 tax imposed under this chapter in each year. The promotion fund
 34 consists of:

35 (1) money in the promotion fund on June 30, 2005;

36 (2) revenue deposited in the promotion fund under this subsection
 37 after June 30, 2005; and

38 (3) investment income earned on the promotion fund's assets.

39 Money in the funds established by the bureau may be expended to
 40 promote and encourage conventions, trade shows, special events,
 41 recreation, and visitors. Money may be paid from the funds established
 42 by the bureau, by claim in the same manner as municipalities may pay
 43 claims under IC 5-11-10-1.6.

44 (c) This subsection applies to the first one million two hundred
 45 thousand dollars (\$1,200,000) of revenue received from the tax
 46 imposed under this chapter in each year. During each year, the county
 47 treasurer shall transfer to Indiana University-Northwest forty-four and
 48 thirty-three hundredths percent (44.33%) of the revenue received under
 49 this chapter for that year to be used as follows:

50 (1) Seventy-five percent (75%) of the revenue received under this

- 1 subsection may be used only for the university's medical
2 education programs.
- 3 (2) Twenty-five percent (25%) of the revenue received under this
4 subsection may be used only for the university's allied health
5 education programs.
- 6 (d) This subsection applies to the first one million two hundred
7 thousand dollars (\$1,200,000) of revenue received from the tax
8 imposed under this chapter in each year. During each year, the county
9 treasurer shall allocate among the cities and towns throughout the
10 county nine percent (9%) of the revenue received under this chapter for
11 that year as follows:
- 12 (1) Ten percent (10%) of the revenue covered by this subsection
13 shall be distributed to cities having a population of more than
14 eighty thousand (80,000) but less than eighty thousand four
15 hundred (80,400).
- 16 (2) Ten percent (10%) of the revenue covered by this subsection
17 shall be distributed to cities having a population of more than
18 eighty thousand five hundred (80,500) but less than one hundred
19 thousand (100,000).
- 20 (3) Ten percent (10%) of the revenue covered by this subsection
21 shall be distributed to cities having a population of more than
22 twenty-nine thousand six hundred (29,600) but less than
23 twenty-nine thousand nine hundred (29,900).
- 24 (4) Seventy percent (70%) of the revenue covered by this
25 subsection shall be distributed in equal amounts to each town and
26 each city not receiving a distribution under subdivisions (1)
27 through (3).
- 28 The money distributed under this subsection may be used only for
29 tourism and economic development projects. The county treasurer shall
30 make the distributions on or before December 1 of each year.
- 31 (e) This subsection applies to the first one million two hundred
32 thousand dollars (\$1,200,000) of revenue received from the tax
33 imposed under this chapter in each year. During each year, the county
34 treasurer shall transfer to Purdue University-Calumet nine percent (9%)
35 of the revenue received under this chapter for that year. The money
36 received by Purdue University-Calumet may be used by the university
37 only for nursing education programs.
- 38 (f) This subsection applies to the first one million two hundred
39 thousand dollars (\$1,200,000) of revenue received from the tax
40 imposed under this chapter in each year. During each year, the county
41 treasurer shall transfer two and sixty-seven hundredths percent (2.67%)
42 of the revenue received under this chapter for that year to the following
43 cities:
- 44 (1) Fifty percent (50%) of the revenue covered by this subsection
45 shall be transferred to cities having a population of more than
46 eighty thousand (80,000) but less than eighty thousand four
47 hundred (80,400).
- 48 (2) Fifty percent (50%) of the revenue covered by this subsection
49 shall be transferred to cities having a population of more than
50 eighty thousand five hundred (80,500) but less than one hundred

1 thousand (100,000).
 2 Money transferred under this subsection may be used only for
 3 convention facilities located within the city. In addition, the money may
 4 be used only for facility marketing, sales, and public relations
 5 programs. Money transferred under this subsection may not be used for
 6 salaries, facility operating costs, or capital expenditures related to the
 7 convention facilities. The county treasurer shall make the transfers on
 8 or before December 1 of each year.

9 (g) This subsection applies to the revenue received from the tax
 10 imposed under this chapter in each year that exceeds one million two
 11 hundred thousand dollars (\$1,200,000). During each year, the county
 12 treasurer shall distribute money in the promotion fund as follows:

13 (1) Eighty-five percent (85%) of the revenue covered by this
 14 subsection shall be deposited in the convention, tourism, and
 15 visitor promotion fund. The money deposited in the fund under
 16 this subdivision may be used only for the purposes for which
 17 other money in the fund may be used.

18 (2) Five percent (5%) of the revenue covered by this subsection
 19 shall be transferred to Purdue University-Calumet. The money
 20 received by Purdue University-Calumet under this subdivision
 21 may be used by the university only for nursing education
 22 programs.

23 (3) Five percent (5%) of the revenue covered by this subsection
 24 shall be transferred to Indiana University-Northwest. The money
 25 received by Indiana University-Northwest under this subdivision
 26 may be used only for the university's medical education programs.

27 (4) Five percent (5%) of the revenue covered by this subsection
 28 shall be transferred to Indiana University-Northwest. The money
 29 received by Indiana University-Northwest under this subdivision
 30 may be used only for the university's allied health education
 31 programs.

32 (h) This subsection applies only to the distribution of revenue
 33 received from the tax imposed under section 1 of this chapter from
 34 hotels, motels, inns, tourist camps, tourist cabins, and other lodgings or
 35 accommodations built or refurbished after June 30, 1993, that are
 36 located in the ~~largest city of the county:~~ **Gary**. During each year, the
 37 county treasurer shall transfer:

38 (1) seventy-five percent (75%) of the revenues under this
 39 subsection to the department of public safety; and

40 (2) twenty-five percent (25%) of the revenues under this
 41 subsection to the division of physical and economic development;
 42 of the ~~largest city of the county:~~ **Gary**.

43 (i) The Lake County convention and visitor bureau shall assist the
 44 county treasurer, as needed, with the calculation of the amounts that
 45 must be deposited and transferred under this section.

46 SECTION 111. IC 6-9-33-8, AS AMENDED BY P.L.229-2011,
 47 SECTION 98, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 48 JULY 1, 2012]: Sec. 8. (a) If a tax is imposed under section 3 of this
 49 chapter, the county treasurer shall establish a supplemental coliseum
 50 improvement fund. The county treasurer shall deposit in this fund all

1 amounts received from the tax imposed under this chapter. Money in
2 this fund:

3 (1) may be appropriated only to retire or advance refund bonds
4 issued, loans obtained, or lease payments incurred under
5 IC 36-1-10 (referred to in this chapter as "obligations") to
6 remodel, expand, improve, or acquire an athletic and exhibition
7 coliseum in existence before the effective date of an ordinance
8 adopted under section 3 of this chapter; and

9 (2) shall be used to make transfers required by subsection (b).

10 (b) There is established a **food and beverage tax fund, with a** food
11 and beverage tax reserve account, **both** to be administered by the
12 capital improvement board of managers (IC 36-10-8). The money that
13 is deposited in the supplemental coliseum improvement fund after
14 December 31, 2009, and is not needed in a year to make payments on
15 obligations for which a pledge of revenue under this chapter was made
16 before January 1, 2009, shall be transferred to the capital improvement
17 board. The county treasurer shall make the transfer before February 1
18 of the following year. The capital improvement board shall deposit the
19 money it receives in the board's food and beverage tax **fund** reserve
20 account. Money in the reserve account may not be withdrawn or
21 transferred during the year it is received except to make transfers back
22 to the county to make payments on obligations for which a pledge of
23 revenue under this chapter was made before January 1, 2009. However,
24 the capital improvement board may transfer:

25 (1) interest earned on money in the reserve account; and

26 (2) an amount equal to the balance that has been held in the
27 reserve account for at least twelve (12) months;

28 to the board's ~~capital improvement fund established by IC 36-10-8-12:~~
29 **food and beverage tax fund and used as provided in subsection (c).**

30 (c) Excess revenue transferred under subsection (b) to the capital
31 improvement board of managers may be used to provide funding for:

32 (1) the construction of a capital improvement (as defined in
33 IC 36-10-1-4);

34 (2) an economic development project as described in:

35 (A) IC 6-3.5-7-13.1(c)(1) or IC 6-3.5-7-13.1(c)(2)(A) through
36 IC 6-3.5-7-13.1(c)(2)(I); and

37 (B) IC 6-3.5-7-13.1(c)(2)(K); or

38 (3) financing a capital improvement or an economic development
39 project described in subdivision (1) or (2).

40 In carrying out this subsection, the capital improvement board may
41 borrow against future tax revenue that will be collected under this
42 chapter. In addition, the capital improvement board may use an amount
43 not to exceed one hundred thousand dollars (\$100,000) annually from
44 the tax revenue collected under this chapter to pay expenses related to
45 investigating a potential capital improvement or economic
46 development project, including feasibility and preliminary engineering
47 studies related to such a capital improvement or economic development
48 project.

49 (d) Excess revenue transferred under subsection (b) to the capital
50 improvement board of managers may not be used to:

1 (1) provide funding for improvements initiated before January 1,
 2 2009, that are located in the area bounded on the north by
 3 Jefferson Boulevard, on the east by Harrison Street, on the south
 4 by Breckenridge Street, and on the west by Ewing Street as those
 5 public ways were located on January 1 2009, as part of the
 6 Harrison Square project;

7 (2) provide for debt service or lease payments for a project for
 8 which the obligations for the project were incurred before January
 9 1, 2009; or

10 (3) pay operational expenses for any facilities of the municipality.

11 SECTION 112. IC 20-46-3-6, AS AMENDED BY
 12 P.L.182-2009(ss), SECTION 347, IS AMENDED TO READ AS
 13 FOLLOWS [EFFECTIVE JANUARY 1, 2013]: Sec. 6. Subject to
 14 IC 6-1.1-18.5-9.9 (**before its repeal**), the department of local
 15 government finance may allow a school corporation to establish a levy.
 16 The amount of the levy shall be determined each year and the levy may
 17 not exceed the lesser of the following:

18 (1) The revenue derived from a tax rate of eight and thirty-three
 19 hundredths cents (\$0.0833) for each one hundred dollars (\$100)
 20 of assessed valuation within the school corporation.

21 (2) The revenue derived from a tax rate equal to the difference
 22 between the maximum rate allowed for the school corporation's
 23 capital projects fund under IC 20-46-6 minus the actual capital
 24 projects fund rate that will be in effect for the school corporation
 25 for a particular year.

26 SECTION 113. IC 20-46-4-6, AS AMENDED BY P.L.124-2011,
 27 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 28 UPON PASSAGE]: Sec. 6. (a) The levy imposed for an assessment
 29 date before January 16, 2011, may not exceed the maximum
 30 permissible levy permitted under this section as this section was
 31 effective on January 1, 2011.

32 (b) **Except as provided in subsection (c)**, the levy imposed for an
 33 assessment date after January 15, 2011, may not exceed the amount
 34 determined by multiplying:

35 (1) the school corporation's maximum permissible levy for the
 36 fund for the previous year under this chapter, after eliminating the
 37 effects of temporary excessive levy appeals and any other
 38 temporary adjustments made to the levy for the calendar year
 39 (regardless of whether the school corporation imposed the entire
 40 amount of the maximum permissible levy in the immediately
 41 preceding year); by

42 (2) the assessed value growth quotient determined under
 43 IC 6-1.1-18.5-2.

44 (c) **This subsection applies to a school corporation if the school**
 45 **corporation's maximum permissible levy for the fund for calendar**
 46 **year 2009 was at least twenty-four percent (24%) less than the**
 47 **school corporation's maximum permissible levy for the fund for**
 48 **calendar year 2008. For the purposes of determining the school**
 49 **corporation's maximum permissible levy for the fund for calendar**
 50 **year 2013, the amount determined under this subsection shall be**
 51 **used under subsection (b)(1) as the school corporation's maximum**

1 permissible levy for the fund for the previous year. The school
 2 corporation shall be treated as having a maximum permissible levy
 3 for the fund in calendar year 2012 that is equal to the maximum
 4 permissible levy for the fund that the school corporation would
 5 have had in calendar year 2012 if:

6 (1) the school corporation's maximum permissible levy is
 7 recalculated for calendar year 2009 to eliminate any loss in
 8 the school corporation's maximum permissible levy for the
 9 fund; and

10 (2) the school corporation is treated as having levied the entire
 11 amount of the school corporation's recalculated maximum
 12 permissible levy for the fund in 2009, 2010, and 2011;
 13 as determined by the department of local government finance. The
 14 adjustment under this subsection is a permanent adjustment in the
 15 school corporation's maximum permissible levy for the fund.

16 SECTION 114. IC 20-46-6-5, AS ADDED BY P.L.154-2006,
 17 SECTION 69, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 18 JANUARY 1, 2013]: Sec. 5. Subject to IC 6-1.1-18-12 and
 19 IC 6-1.1-18.5-9.9 (**before its repeal**), to provide for the fund, the
 20 governing body may, for each year in which a plan is in effect, impose
 21 a property tax rate that does not exceed forty-one and sixty-seven
 22 hundredths cents (\$0.4167) on each one hundred dollars (\$100) of
 23 assessed valuation of the school corporation. The actual rate imposed
 24 by the governing body must be advertised in the same manner as other
 25 property tax rates.

26 SECTION 115. IC 36-1-8-11 IS AMENDED TO READ AS
 27 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) This section
 28 does not apply to a county treasurer governed by IC 36-2-10-23.

29 (b) As used in this section, "credit card" means a:

- 30 (1) credit card;
- 31 (2) debit card;
- 32 (3) charge card; or
- 33 (4) stored value card.

34 (c) A payment to a political subdivision or a municipally owned
 35 utility for any purpose may be made by any of the following financial
 36 instruments that the fiscal body of the political subdivision or the board
 37 of the municipally owned utility authorizes for use:

- 38 (1) Cash.
- 39 (2) Check.
- 40 (3) Bank draft.
- 41 (4) Money order.
- 42 (5) Bank card or credit card.
- 43 (6) Electronic funds transfer.
- 44 (7) Any other financial instrument authorized by the fiscal body.

45 (d) If there is a charge to the political subdivision or municipally
 46 owned utility for the use of a financial instrument, the political
 47 subdivision or municipally owned utility may collect a sum equal to the
 48 amount of the charge from the person who uses the financial
 49 instrument.

50 (e) If authorized by the fiscal body of the political subdivision or the
 51 board of the municipally owned utility, the political subdivision or

1 municipally owned utility may accept payments under this section with
 2 a bank card or credit card under the procedures set forth in this section.
 3 However, the procedure authorized for a particular type of payment
 4 must be uniformly applied to all payments of the same type.

5 (f) The political subdivision or municipally owned utility may
 6 contract with a bank card or credit card vendor for acceptance of bank
 7 cards or credit cards. **However, if there is a vendor transaction**
 8 **charge or discount fee, whether billed to the political subdivision**
 9 **or municipally owned utility or charged directly to the political**
 10 **subdivision's or municipally owned utility's account, the political**
 11 **subdivision or municipally owned utility may collect from the**
 12 **person using the card an official fee that may not exceed the**
 13 **transaction charge or discount fee charged to the political**
 14 **subdivision or municipally owned utility by bank or credit card**
 15 **vendors. The fee is a permitted additional charge under**
 16 **IC 24-4.5-3-202.**

17 (g) The political subdivision or municipally owned utility may pay
 18 any applicable bank card or credit card service charge associated with
 19 the use of a bank card or credit card under this subsection.

20 (h) The authorization of the fiscal body of the political subdivision
 21 is not required by the bureau of motor vehicles or the bureau of motor
 22 vehicles commission to use electronic funds transfer or other financial
 23 instruments to transfer funds to the political subdivision.

24 SECTION 116. IC 36-1-8-11.5 IS ADDED TO THE INDIANA
 25 CODE AS A NEW SECTION TO READ AS FOLLOWS
 26 [EFFECTIVE UPON PASSAGE]: **Sec. 11.5. (a) As used in this**
 27 **section, "electronic funds transfer" means any transfer of funds,**
 28 **other than a transaction originated by check, draft, or similar**
 29 **paper instrument, that is initiated through an electronic terminal,**
 30 **telephone, or computer or magnetic tape for the purpose of**
 31 **ordering, instructing, or authorizing a financial institution to debit**
 32 **or credit an account.**

33 (b) **The fiscal body of a political subdivision or the board of a**
 34 **municipally owned utility may adopt a resolution to authorize an**
 35 **electronic funds transfer method of payment of claims. If a proper**
 36 **body adopts a resolution under this subsection, the political**
 37 **subdivision or municipally owned utility may pay money from its**
 38 **funds by electronic funds transfer.**

39 (c) **A political subdivision or municipally owned utility that pays**
 40 **a claim by electronic funds transfer shall comply with all other**
 41 **requirements for the payment of claims by political subdivisions or**
 42 **municipal utilities.**

43 SECTION 117. IC 36-2-9-20, AS AMENDED BY P.L.177-2005,
 44 SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 45 JULY 1, 2012]: Sec. 20. The county auditor shall:

46 (1) maintain an electronic data file of the information contained
 47 on the tax duplicate for all:

48 (A) parcels; and

49 (B) personal property returns;

50 for each township in the county as of each assessment date;

51 (2) maintain the electronic data file in a form that formats the

1 information in the file with the standard data, field, and record
2 coding required and approved by:

3 (A) the legislative services agency; and

4 (B) the department of local government finance;

5 (3) transmit the data in the file with respect to the assessment date
6 of each year before March 16 of the next year to:

7 (A) the legislative services agency in an electronic format
8 under IC 5-14-6; and

9 (B) the department of local government finance;

10 in a manner that meets the data export and transmission
11 requirements in a standard format, as prescribed by the office of
12 technology established by IC 4-13.1-2-1 and approved by the
13 legislative services agency; and

14 (4) resubmit the data in the form and manner required under this
15 subsection, upon request of the legislative services agency or the
16 department of local government finance, if data previously
17 submitted under this subsection does not comply with the
18 requirements of this subsection, as determined by the legislative
19 services agency or the department of local government finance.

20 An electronic data file maintained for a particular assessment date may
21 not be overwritten with data for a subsequent assessment date until a
22 copy of an electronic data file that preserves the data for the particular
23 assessment date is archived in the manner prescribed by the office of
24 technology established by IC 4-13.1-2-1 and approved by the
25 legislative services agency.

26 SECTION 118. IC 36-3-6-9, AS AMENDED BY P.L.182-2009(ss),
27 SECTION 401, IS AMENDED TO READ AS FOLLOWS
28 [EFFECTIVE JULY 1, 2012]: Sec. 9. (a) Except as provided in
29 subsection (d), the city-county legislative body shall review the
30 proposed operating and maintenance budgets and tax levies and adopt
31 final operating and maintenance budgets and tax levies for each of the
32 following entities in the county:

33 (1) An airport authority operating under IC 8-22-3.

34 (2) A public library operating under IC 36-12.

35 (3) A capital improvement board of managers operating under
36 IC 36-10.

37 (4) A public transportation corporation operating under IC 36-9-4.

38 (5) A health and hospital corporation established under
39 IC 16-22-8.

40 (6) Any other taxing unit (as defined in IC 6-1.1-1-21) that is
41 located in the county and has a governing body that is not
42 comprised of a majority of officials who are elected to serve on
43 the governing body.

44 Except as provided in subsection (c), the city-county legislative body
45 may reduce or modify but not increase a proposed operating and
46 maintenance budget or tax levy under this section.

47 (b) The board of each entity listed in subsection (a) shall, after
48 adoption of its proposed budget and tax levies, submit them, along with
49 detailed accounts, to the city clerk before the first day of September of
50 each year. 2.

1 (c) The city-county legislative body or, when subsection (d) applies,
 2 the fiscal body of an excluded city or town shall review the issuance of
 3 bonds of an entity listed in subsection (a). Approval of the city-county
 4 legislative body or, when subsection (d) applies, the fiscal body of an
 5 excluded city or town is required for the issuance of bonds. The
 6 city-county legislative body or the fiscal body of an excluded city or
 7 town may not reduce or modify a budget or tax levy of an entity listed
 8 in subsection (a) in a manner that would:

9 (1) limit or restrict the rights vested in the entity to fulfill the
 10 terms of any agreement made with the holders of the entity's
 11 bonds; or

12 (2) in any way impair the rights or remedies of the holders of the
 13 entity's bonds.

14 (d) If the assessed valuation of a taxing unit is entirely contained
 15 within an excluded city or town (as described in IC 36-3-1-7) that is
 16 located in a county having a consolidated city, the governing body of
 17 the taxing unit shall submit its proposed operating and maintenance
 18 budget and tax levies to the city or town fiscal body for approval and
 19 not the city-county legislative body. Except as provided in subsection
 20 (c), the fiscal body of the excluded city or town may reduce or modify
 21 but not increase a proposed operating and maintenance budget or tax
 22 levy under this section.

23 SECTION 119. IC 36-7-10.1-3, AS AMENDED BY P.L.113-2010,
 24 SECTION 130, IS AMENDED TO READ AS FOLLOWS
 25 [EFFECTIVE JULY 1, 2012]: Sec. 3. (a) The legislative body of a
 26 municipality or county may by ordinance require the owners of real
 27 property located within the municipality or the unincorporated area of
 28 the county to cut and remove weeds and other rank vegetation growing
 29 on the property. As used in this chapter, "weeds and other rank
 30 vegetation" does not include agricultural crops, such as hay and
 31 pasture.

32 (b) An ordinance adopted under subsection (a) must specify the
 33 following:

34 (1) The department of the municipality or county responsible for
 35 the administration of the ordinance.

36 (2) The definitions of weeds and rank vegetation.

37 (3) The height at which weeds or rank vegetation becomes a
 38 violation of the ordinance, specifying the appropriate heights for
 39 various types of weeds and rank vegetation.

40 (4) The procedure for issuing notice to the owner of real property
 41 of a violation of the ordinance, **including any procedures for**
 42 **issuing a continuous abatement notice under subsection (d).**

43 (5) The procedure under which the municipality or county, or its
 44 contractors, may enter real property to abate a violation of the
 45 ordinance if the owner fails to abate the violation.

46 (6) The procedure for issuing a bill to the owner of real property
 47 for the costs incurred by the municipality or county in abating the
 48 violation, including administrative costs and removal costs. The
 49 cost of sending notice under subsection (c) is an administrative
 50 cost that may be billed to the owner under this subdivision.

1 (7) The procedure for appealing a notice of violation or a bill
2 issued under the ordinance.

3 (c) An ordinance adopted under subsection (a) must provide that a
4 notice sent to the property owner must be sent by certified mail, return
5 receipt requested, or an equivalent service permitted under IC 1-1-7-1
6 to:

- 7 (1) the owner of record of real property with a single owner; or
8 (2) at least one (1) of the owners of real property with multiple
9 owners;

10 at the last address of the owner for the property as indicated in the
11 records of the county auditor on the date of the notice.

12 **(d) If an initial notice of the violation of an ordinance adopted**
13 **under this section was provided by certified mail or equivalent**
14 **service under subsection (c), a continuous abatement notice may be**
15 **posted at the property at the time of abatement instead of by**
16 **certified mail or equivalent service as required under subsection**
17 **(c). A continuous abatement notice serves as notice to the real**
18 **property owner that each subsequent violation during the same**
19 **year for which the initial notice of the violation was provided may**
20 **be abated by the municipality or county, or its contractors.**

21 SECTION 120. IC 36-7-15.1-16, AS AMENDED BY P.L.146-2008,
22 SECTION 750, IS AMENDED TO READ AS FOLLOWS
23 [EFFECTIVE JULY 1, 2012]: Sec. 16. (a) For the purpose of raising
24 money to carry out this chapter or IC 36-7-15.3, the city-county
25 legislative body may levy each year a special tax upon all property in
26 the redevelopment district. The tax so levied each year shall be
27 certified to the fiscal officers of the city and the county before
28 ~~September 2~~ **November 1** of each year. The tax shall be estimated and
29 entered upon the tax duplicates by the county auditor, and shall be
30 collected and enforced by the county treasurer in the same manner as
31 state and county taxes are estimated, entered, collected, and enforced.

32 (b) As the tax is collected by the county treasurer, it shall be
33 accumulated and kept in a separate fund to be known as the
34 redevelopment district fund and shall be expended and applied only for
35 the purposes of this chapter or IC 36-7-15.3.

36 (c) The amount of the special tax levy shall be based on the budget
37 of the department but may not exceed one and sixty-seven hundredths
38 cents (\$0.0167) on each one hundred dollars (\$100) of taxable
39 valuation in the redevelopment district, except as otherwise provided
40 in this chapter.

41 (d) The budgets and tax levies under this chapter are subject to
42 review and modification in the manner prescribed by IC 36-3-6.

43 SECTION 121. IC 36-7-31.3-10, AS AMENDED BY SEA
44 115-2012, SECTION 212, IS AMENDED TO READ AS FOLLOWS
45 [EFFECTIVE JULY 1, 2012]: Sec. 10. (a) A tax area must be
46 established by resolution. A resolution establishing a tax area must
47 provide for the allocation of covered taxes attributable to a taxable
48 event or covered taxes earned in the tax area to the professional sports
49 and convention development area fund established for the city or
50 county. The allocation provision must apply to the entire tax area.
51 ~~However, for all tax areas located in a county having a population of~~

1 ~~more than three hundred thousand (300,000) but less than four hundred~~
 2 ~~thousand (400,000); The following apply to Allen County:~~

3 **(1) The fund required by this subsection is the coliseum**
 4 **professional sports and convention development area fund.**
 5 **This fund shall be administered by the Allen County**
 6 **Memorial Coliseum board of trustees.**

7 **(2) The allocation each year must be as follows:**

8 ~~(1)~~ **(A)** The first two million six hundred thousand dollars
 9 (\$2,600,000) shall be transferred to the county treasurer for
 10 deposit in the ~~supplemental~~ coliseum improvement
 11 **professional sports and convention development area fund.**

12 ~~(2)~~ **(B)** The remaining amount shall be transferred to the
 13 treasurer of the joint county-city capital improvement board in
 14 the county.

15 The resolution must provide the tax area terminates not later than
 16 December 31, 2027.

17 (b) In addition to subsection (a), all of the salary, wages, bonuses,
 18 and other compensation that are:

19 (1) paid during a taxable year to a professional athlete for
 20 professional athletic services;

21 (2) taxable in Indiana; and

22 (3) earned in the tax area;

23 shall be allocated to the tax area if the professional athlete is a member
 24 of a team that plays the majority of the professional athletic events that
 25 the team plays in Indiana in the tax area.

26 (c) For a tax area that is:

27 (1) not located in a county having a population of more than three
 28 hundred thousand (300,000) but less than four hundred thousand
 29 (400,000); and

30 (2) not located in a city having a population of more than one
 31 hundred thousand (100,000) but less than one hundred ten
 32 thousand (110,000);

33 the total amount of state revenue captured by the tax area may not
 34 exceed five dollars (\$5) per resident of the city or county per year for
 35 twenty (20) consecutive years.

36 (d) For a tax area that is located in a city having a population of
 37 more than one hundred thousand (100,000) but less than one hundred
 38 ten thousand (110,000), the total amount of state revenue captured by
 39 the tax area may not exceed six dollars and fifty cents (\$6.50) per
 40 resident of the city per year for twenty (20) consecutive years.

41 (e) The resolution establishing the tax area must designate the
 42 facility or proposed facility and the facility site for which the tax area
 43 is established.

44 (f) The department may adopt rules under IC 4-22-2 and guidelines
 45 to govern the allocation of covered taxes to a tax area.

46 SECTION 122. IC 36-8-15-19, AS AMENDED BY SEA 115-2012,
 47 SECTION 222, IS AMENDED TO READ AS FOLLOWS
 48 [EFFECTIVE JULY 1, 2012]: Sec. 19. (a) This subsection applies to
 49 a county that has a population of more than one hundred eighty-five
 50 thousand (185,000) but less than two hundred fifty thousand (250,000).

1 For the purpose of raising money to fund the operation of the district,
2 the county fiscal body may impose, for property taxes first due and
3 payable during each year after the adoption of an ordinance
4 establishing the district, an ad valorem property tax levy on property
5 within the district. The property tax rate for that levy may not exceed
6 five cents (\$0.05) on each one hundred dollars (\$100) of assessed
7 valuation.

8 (b) This subsection applies to a county having a consolidated city.
9 The county fiscal body may elect to fund the operation of the district
10 from part of the certified distribution, if any, that the county is to
11 receive during a particular calendar year under IC 6-3.5-6-17. To make
12 such an election, the county fiscal body must adopt an ordinance before
13 ~~September~~ **November** 1 of the immediately preceding calendar year.
14 The county fiscal body must specify in the ordinance the amount of the
15 certified distribution that is to be used to fund the operation of the
16 district. If the county fiscal body adopts such an ordinance, it shall
17 immediately send a copy of the ordinance to the county auditor.

18 (c) Subject to subsections (d), (e), and (f), if an ordinance or
19 resolution is adopted changing the territory covered by the district or
20 the number of public agencies served by the district, the department of
21 local government finance shall, for property taxes first due and payable
22 during the year after the adoption of the ordinance, adjust the
23 maximum permissible ad valorem property tax levy limits of the
24 district and the units participating in the district.

25 (d) If a unit by ordinance or resolution joins the district or elects to
26 have its public safety agencies served by the district, the department of
27 local government finance shall reduce the maximum permissible ad
28 valorem property tax levy of the unit for property taxes first due and
29 payable during the year after the adoption of the ordinance or
30 resolution. The reduction shall be based on the amount budgeted by the
31 unit for public safety communication services in the year in which the
32 ordinance was adopted. If such an ordinance or resolution is adopted,
33 the district shall refer its proposed budget, ad valorem property tax
34 levy, and property tax rate for the following year to the department of
35 local government finance, which shall review and set the budget, levy,
36 and rate as though the district were covered by IC 6-1.1-18.5-7.

37 (e) If a unit by ordinance or resolution withdraws from the district
38 or rescinds its election to have its public safety agencies served by the
39 district, the department of local government finance shall reduce the
40 maximum permissible ad valorem property tax levy of the district for
41 property taxes first due and payable during the year after the adoption
42 of the ordinance or resolution. The reduction shall be based on the
43 amounts being levied by the district within that unit. If such an
44 ordinance or resolution is adopted, the unit shall refer its proposed
45 budget, ad valorem property tax levy, and property tax rate for public
46 safety communication services to the department of local government
47 finance, which shall review and set the budget, levy, and rate as though
48 the unit were covered by IC 6-1.1-18.5-7.

49 (f) The adjustments provided for in subsections (c), (d), and (e) do
50 not apply to a district or unit located in a particular county if the county

1 fiscal body of that county does not impose an ad valorem property tax
2 levy under subsection (a) to fund the operation of the district.

3 (g) A county that has adopted an ordinance under section 1(3) of
4 this chapter may not impose an ad valorem property tax levy on
5 property within the district to fund the operation or implementation of
6 the district.

7 SECTION 123. IC 36-9-4-42 IS AMENDED TO READ AS
8 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 42. (a) A municipality
9 or a public transportation corporation that expends money for the
10 establishment or maintenance of an urban mass transportation system
11 under this chapter may acquire the money for these expenditures:

12 (1) by issuing bonds under section 43 or 44 of this chapter;

13 (2) by borrowing money made available for such purposes by any
14 source;

15 (3) by accepting grants or contributions made available for such
16 purposes by any source;

17 (4) in the case of a municipality, by appropriation from the
18 general fund of the municipality, or from a special fund that the
19 municipal legislative body includes in the municipality's budget;
20 or

21 (5) in the case of a public transportation corporation, by levying
22 a tax under section 49 of this chapter or by recommending an
23 election to use revenue from the county option income taxes, as
24 provided in subsection (c).

25 (b) Money may be acquired under this section for the purpose of
26 exercising any of the powers granted by or incidental to this chapter,
27 including:

28 (1) studies under section 4, 9, or 11 of this chapter;

29 (2) grants in aid;

30 (3) the purchase of buses or real property by a municipality for
31 lease to an urban mass transportation system, including the
32 payment of any amount outstanding under a mortgage, contract of
33 sale, or other security device that may attach to the buses or real
34 property;

35 (4) the acquisition by a public transportation corporation of
36 property of an urban mass transportation system, including the
37 payment of any amount outstanding under a mortgage, contract of
38 sale, or other security device that may attach to the property;

39 (5) the operation of an urban mass transportation system by a
40 public transportation corporation, including the acquisition of
41 additional property for such a system; and

42 (6) the retirement of bonds issued and outstanding under this
43 chapter.

44 (c) This subsection applies only to a public transportation
45 corporation located in a county having a consolidated city. In order to
46 provide revenue to a public transportation corporation during a year,
47 the public transportation corporation board may recommend and the
48 county fiscal body may elect to provide revenue to the corporation from
49 part of the certified distribution, if any, that the county is to receive
50 during that same year under IC 6-3.5-6-17. To make the election, the

1 county fiscal body must adopt an ordinance before ~~September~~
 2 **November 1** of the preceding year. The county fiscal body must
 3 specify in the ordinance the amount of the certified distribution that is
 4 to be used to provide revenue to the corporation. If such an ordinance
 5 is adopted, the county fiscal body shall immediately send a copy of the
 6 ordinance to the county auditor.

7 SECTION 127. IC 36-12-12-5, AS ADDED BY P.L.1-2005,
 8 SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 9 JULY 1, 2012]: Sec. 5. (a) If the library board passes a resolution under
 10 section 3 of this chapter and the appropriate fiscal body or bodies
 11 approve the plan, the library board shall ~~submit the resolution and the~~
 12 ~~plan to the department of local government finance.~~ If the department
 13 of local government finance determines that:

14 (1) the library board has correctly advertised the plan under
 15 section 3(c) of this chapter;

16 (2) the plan was adopted by the library board and approved by the
 17 appropriate fiscal body or bodies; and

18 (3) the plan conforms to the format prescribed by the department;
 19 the department shall require notice of the submission to be given to the
 20 taxpayers of the library district in accordance with IC 5-3-1-2(b).
 21 **publish notice of adoption in accordance with IC 5-3-1-2(i).**

22 (b) Ten (10) or more taxpayers who will be affected by the adopted
 23 plan may file a petition with the county auditor of a county in which the
 24 library district is located not later than ten (10) days after the
 25 publication of the **notice of adoption required by subsection (a)**,
 26 setting forth the taxpayers' objections to the proposed plan. The county
 27 auditor shall immediately certify the petition to the department of local
 28 government finance.

29 SECTION 124. [EFFECTIVE JULY 1, 2013] (a) **The executive of**
 30 **either of the following townships may, upon approval by the**
 31 **township fiscal body, submit a petition to the department of local**
 32 **government finance for an increase in the maximum permissible ad**
 33 **valorem property tax levy under IC 36-8-13 (for township fire**
 34 **protection and emergency services) for property taxes first due and**
 35 **payable in 2013:**

36 (1) **Barkley Township in Jasper County.**

37 (2) **Union Township in Jasper County.**

38 (b) **The department of local government finance shall increase**
 39 **the maximum permissible ad valorem property tax levy under**
 40 **IC 36-8-13 for a township that submits a petition under this**
 41 **SECTION by the lesser of:**

42 (1) **the amount of the increase requested in the petition; or**

43 (2) **the amount necessary to increase the township's maximum**
 44 **permissible ad valorem property tax levy under IC 36-8-13**
 45 **for property taxes first due and payable in 2013 to the amount**
 46 **of the township's maximum permissible ad valorem property**
 47 **tax levy under IC 36-8-13 that applied to taxes first due and**
 48 **payable in 2003.**

49 (c) **A township's maximum permissible ad valorem property tax**
 50 **levy under IC 36-8-13 for property taxes first due and payable in**
 51 **2013, as adjusted under this SECTION, shall be used in the**

1 determination of the township's maximum permissible ad valorem
2 property tax levy under IC 36-8-13 for property taxes first due and
3 payable in 2014 and thereafter.

4 (d) This SECTION expires January 1, 2015.

5 SECTION 125. [EFFECTIVE JANUARY 1, 2012
6 (RETROACTIVE)]: (a) IC 6-1.1-12-26.1, as added by this act,
7 applies to property taxes first due and payable after 2012. A
8 deduction statement filed before September 1, 2012, under
9 IC 6-1.1-12-27.1, as amended by this act, is considered timely filed
10 for purposes of obtaining the deduction under IC 6-1.1-12-26.1, as
11 added by this act, in 2012 for property taxes first due and payable
12 in 2013.

13 (b) This SECTION expires January 1, 2014.

14 SECTION 126. [EFFECTIVE JANUARY 1, 2013] (a) IC 6-2.3-4-7,
15 as added by this act, applies to taxable years beginning after
16 December 31, 2012.

17 (b) This SECTION expires January 1, 2015.

18 SECTION 128. [EFFECTIVE UPON PASSAGE] (a) This
19 SECTION applies to a fire protection district:

- 20 (1) that was initially established in 2011;
21 (2) whose maximum levy and cumulative fund rate were first
22 established and approved by the department of local
23 government finance in 2011;
24 (3) that properly and timely advertised its budget, rates, and
25 levies in 2011 for the 2012 calendar year;
26 (4) whose budget, rates, and levies were disallowed by the
27 department of local government finance in 2012 due to
28 confusion as to whether the county council that created the
29 fire protection district held a public hearing on the budget,
30 rates, and levies;
31 (5) whose 2012 budget, rates, and levies were nonetheless
32 timely considered in an open meeting of the county council,
33 and were timely reviewed and approved by the county
34 council; and
35 (6) that may experience a significant revenue shortfall in 2012
36 and 2013, requiring the district to seek funds in addition to
37 the amounts available to the district to provide essential fire
38 protection to district residents.

39 (b) A fire protection district described in this section may
40 borrow a specified amount of money if:

- 41 (1) the board of fire trustees of the district finds that:
42 (A) an emergency exists requiring the expenditure of
43 money not available to the fire district; and
44 (B) the emergency requiring the expenditure of money is
45 related to paying the operating expenses and obligations of
46 the district; and
47 (2) the fiscal body of the county approves the expenditure of
48 the money.

49 (c) A fire protection district shall comply with IC 36-8-11-17
50 with respect to a borrowing under this section.

51 (d) The county fiscal body shall levy property taxes in an

1 amount sufficient to cover payments due under the borrowing
2 authorized under this section.

3 (e) This SECTION expires December 31, 2014.

4 SECTION 129. [EFFECTIVE UPON PASSAGE] (a) During the
5 2012 legislative interim, the commission on state tax and financing
6 policy shall study the topic of whether the value of tax credits
7 under Section 42 of the Internal Revenue Code should be
8 considered in determining the assessed value of low income housing
9 tax credit property.

10 (b) Before November 1, 2012, the commission on state tax and
11 financing policy shall report to the legislative council regarding
12 any recommendations on the study topic described in subsection
13 (a).

14 (c) This SECTION expires January 1, 2013.

15 SECTION 130. [EFFECTIVE UPON PASSAGE] (a) During the
16 2012 and 2013 legislative interims, the commission on state tax and
17 financing policy (IC 2-5-3) shall study all income tax credits using
18 a schedule that provides for approximately half the credits to be
19 studied each year and for the credits to be studied in the order they
20 were enacted. The commission shall prepare a report that covers
21 each credit and that includes the following:

22 (1) A review of the original scope and purpose of the credit
23 and whether the scope or purpose has changed since the
24 credit's enactment.

25 (2) The economic parameters of the credit, including the
26 credit percentage and credit limits, and whether these
27 parameters have changed since the credit's enactment.

28 (3) A description of the taxpayers that qualify for the credit
29 and how effective the credit has been in assisting these
30 targeted taxpayers.

31 (4) The type of activities on which the credit is based and how
32 effective the credit has been in promoting these targeted
33 activities.

34 (5) The amount of the credits granted over time.

35 (6) A determination of the dollar amount of credits granted
36 but not taken that can be carried forward.

37 (7) A summary of audit findings for each credit and whether
38 there has been any misuse of the credit.

39 (8) Suggested changes in the law with regard to each credit,
40 including whether the credit should be retained or not.

41 (9) Any other issues related to these income tax credits, as
42 determined by the commission.

43 The commission on state tax and financing policy shall issue the
44 report in two (2) parts, in an electronic format under IC 5-14-6, to
45 the legislative council, not later than November 1, 2012, and
46 November 1, 2013, respectively.

47 (b) This SECTION expires January 1, 2014.

48 SECTION 131. [EFFECTIVE JULY 1, 2012] (a) The legislative
49 council shall assign to an interim or a statutory study committee
50 during the 2012 legislative interim the topic of more clearly
51 defining what is included in instructional spending by school

1 corporations and what is included in noninstructional spending by
2 school corporations for purposes of IC 20-42.5-3-5.

3 (b) The study committee assigned the topic described in
4 subsection (a) shall issue a final report, in an electronic format
5 under IC 5-14-6, to the legislative council containing the study
6 committee's findings and recommendations, including any
7 recommended legislation concerning the topic, not later than
8 November 1, 2012.

9 (c) This SECTION expires December 31, 2012.

10 SECTION 132. [EFFECTIVE UPON PASSAGE] (a) The
11 correction of the references to:

12 (1) Internal Revenue Code Section 62(a)(2)(D) that is being
13 made in IC 6-3-1-3.5; and

14 (2) Internal Revenue Code Section 871(k)(1)(C) that is being
15 made in IC 6-3-1-11;

16 apply to taxable years beginning after December 31, 2010,
17 notwithstanding the July 1, 2012, effective date of the SECTIONS
18 in this act that make the corrections.

19 (b) This SECTION expires January 1, 2013.

20 SECTION 133. [EFFECTIVE JULY 1, 2012] (a) The
21 administrative rule concerning proof by an individual that a
22 residence is the individual's principal place of residence for
23 purposes of the homestead standard deduction that is set forth at
24 50 IAC 24-3-2 is void. The publisher of the Indiana Administrative
25 Code shall remove 50 IAC 24-3-2 from the Indiana Administrative
26 Code.

27 (b) This SECTION expires July 1, 2014.

28 SECTION 134. [EFFECTIVE JULY 1, 2012] (a) In repealing
29 IC 6-3.5-7-4.3 by this act, the general assembly recognizes that
30 IC 6-3.5-7-4.3 was amended by SEA 115-2012, SECTION 49. The
31 general assembly intends to repeal that provision.

32 (b) This SECTION expires December 31, 2012.

33 SECTION 135. An emergency is declared for this act.

(Reference is to EHB 1072 as reprinted February 29, 2012.)

Conference Committee Report
on
Engrossed House Bill 1072

Signed by:

Representative Espich
Chairperson

Senator Hershman

Representative Welch

Senator Broden

House Conferees

Senate Conferees