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# SENATE BILL No. 576

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 4-33-13-5; IC 20-20-40.

**Synopsis:** Property tax rate cap replacement grants. Provides grants from the state gaming fund to school corporations to replace property tax revenue not received because of the property tax rate cap. Annually appropriates to the department of education from the state gaming fund the amount necessary to make the grants. Provides that if a school corporation loses more than 33% of its property tax revenue because of the property tax rate cap, the school corporation qualifies for a levy replacement grant equal to 80% of the lost amount. Provides that if a school corporation loses 33% or less of its property tax revenue because of the property tax rate cap, the school corporation may apply for a grant in an amount determined by the department of local government finance.

**Effective:** July 1, 2013.

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January 15, 2013, read first time and referred to Committee on Appropriations.

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First Regular Session 118th General Assembly (2013)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2012 Regular Session of the General Assembly.

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# SENATE BILL No. 576



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

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

1 SECTION 1. IC 4-33-13-5, AS AMENDED BY P.L.119-2012,  
2 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2013]: Sec. 5. (a) This subsection does not apply to tax  
4 revenue remitted by an operating agent operating a riverboat in a  
5 historic hotel district. After funds are appropriated under section 4 of  
6 this chapter, each month the treasurer of state shall distribute the tax  
7 revenue deposited in the state gaming fund under this chapter to the  
8 following:  
9 (1) The first thirty-three million dollars (\$33,000,000) of tax  
10 revenues collected under this chapter shall be set aside for  
11 revenue sharing under subsection (e).  
12 (2) Subject to subsection (c), twenty-five percent (25%) of the  
13 remaining tax revenue remitted by each licensed owner shall be  
14 paid:  
15 (A) to the city that is designated as the home dock of the  
16 riverboat from which the tax revenue was collected, in the case  
17 of:



- 1 (i) a city described in IC 4-33-12-6(b)(1)(A); or
- 2 (ii) a city located in a county having a population of more
- 3 than four hundred thousand (400,000) but less than seven
- 4 hundred thousand (700,000); or
- 5 (B) to the county that is designated as the home dock of the
- 6 riverboat from which the tax revenue was collected, in the case
- 7 of a riverboat whose home dock is not in a city described in
- 8 clause (A).

9 **(3) The amount needed to make grants under IC 20-20-40**  
 10 **shall be transferred to the department of education to make**  
 11 **distributions to school corporations to mitigate the effect of**  
 12 **lost property tax revenue resulting from credits for excessive**  
 13 **property taxes under IC 6-1.1-20.6.**

14 ~~(3)~~ (4) Subject to subsection (d), the remainder of the tax revenue  
 15 remitted by each licensed owner shall be paid to the state general  
 16 fund. In each state fiscal year, the treasurer of state shall make the  
 17 transfer required by this subdivision not later than the last  
 18 business day of the month in which the tax revenue is remitted to  
 19 the state for deposit in the state gaming fund. However, if tax  
 20 revenue is received by the state on the last business day in a  
 21 month, the treasurer of state may transfer the tax revenue to the  
 22 state general fund in the immediately following month.

23 (b) This subsection applies only to tax revenue remitted by an  
 24 operating agent operating a riverboat in a historic hotel district. After  
 25 funds are appropriated under section 4 of this chapter, each month the  
 26 treasurer of state shall distribute the tax revenue remitted by the  
 27 operating agent under this chapter as follows:

28 (1) Thirty-seven and one-half percent (37.5%) shall be paid to the  
 29 state general fund.

30 (2) Nineteen percent (19%) shall be paid to the West Baden  
 31 Springs historic hotel preservation and maintenance fund  
 32 established by IC 36-7-11.5-11(b). However, at any time the  
 33 balance in that fund exceeds twenty million dollars  
 34 (\$20,000,000), the amount described in this subdivision shall be  
 35 paid to the state general fund.

36 (3) Eight percent (8%) shall be paid to the Orange County  
 37 development commission established under IC 36-7-11.5.

38 (4) Sixteen percent (16%) shall be paid in equal amounts to each  
 39 town that is located in the county in which the riverboat is located  
 40 and contains a historic hotel. The following apply to taxes  
 41 received by a town under this subdivision:

42 (A) At least twenty-five percent (25%) of the taxes must be

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transferred to the school corporation in which the town is located.

(B) At least twelve and five-tenths percent (12.5%) of the taxes imposed on adjusted gross receipts received after June 30, 2010, must be transferred to the Orange County development commission established by IC 36-7-11.5-3.5.

(5) Nine percent (9%) shall be paid to the county treasurer of the county in which the riverboat is located. The county treasurer shall distribute the money received under this subdivision as follows:

(A) Twenty-two and twenty-five hundredths percent (22.25%) shall be quarterly distributed to the county treasurer of a county having a population of more than forty thousand (40,000) but less than forty-two thousand (42,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(B) Twenty-two and twenty-five hundredths percent (22.25%) shall be quarterly distributed to the county treasurer of a county having a population of more than ten thousand seven hundred (10,700) but less than twelve thousand (12,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(C) Fifty-five and five-tenths percent (55.5%) shall be retained by the county in which the riverboat is located for appropriation by the county fiscal body after receiving a recommendation from the county executive.

(6) Five percent (5%) shall be paid to a town having a population of more than two thousand (2,000) but less than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand five hundred (19,500) but less than twenty thousand (20,000). At least forty percent (40%) of the taxes received by a town under this subdivision must be

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1 transferred to the school corporation in which the town is located.

2 (7) Five percent (5%) shall be paid to a town having a population  
3 of more than three thousand five hundred (3,500) located in a  
4 county having a population of more than nineteen thousand five  
5 hundred (19,500) but less than twenty thousand (20,000). At least  
6 forty percent (40%) of the taxes received by a town under this  
7 subdivision must be transferred to the school corporation in which  
8 the town is located.

9 (8) Five-tenths percent (0.5%) of the taxes imposed on adjusted  
10 gross receipts received after June 30, 2010, shall be paid to the  
11 Indiana economic development corporation established by  
12 IC 5-28-3-1.

13 (c) For each city and county receiving money under subsection  
14 (a)(2), the treasurer of state shall determine the total amount of money  
15 paid by the treasurer of state to the city or county during the state fiscal  
16 year 2002. The amount determined is the base year revenue for the city  
17 or county. The treasurer of state shall certify the base year revenue  
18 determined under this subsection to the city or county. The total  
19 amount of money distributed to a city or county under this section  
20 during a state fiscal year may not exceed the entity's base year revenue.  
21 For each state fiscal year, the treasurer of state shall pay that part of the  
22 riverboat wagering taxes that:

- 23 (1) exceeds a particular city's or county's base year revenue; and  
24 (2) would otherwise be due to the city or county under this  
25 section;

26 to the state general fund instead of to the city or county.

27 (d) Each state fiscal year the treasurer of state shall transfer from the  
28 tax revenue remitted to the state general fund under subsection ~~(a)(3)~~  
29 **(a)(4)** to the build Indiana fund an amount that when added to the  
30 following may not exceed two hundred fifty million dollars  
31 (\$250,000,000):

- 32 (1) Surplus lottery revenues under IC 4-30-17-3.  
33 (2) Surplus revenue from the charity gaming enforcement fund  
34 under IC 4-32.2-7-7.  
35 (3) Tax revenue from pari-mutuel wagering under IC 4-31-9-3.

36 The treasurer of state shall make transfers on a monthly basis as needed  
37 to meet the obligations of the build Indiana fund. If in any state fiscal  
38 year insufficient money is transferred to the state general fund under  
39 subsection ~~(a)(3)~~ **(a)(4)** to comply with this subsection, the treasurer of  
40 state shall reduce the amount transferred to the build Indiana fund to  
41 the amount available in the state general fund from the transfers under  
42 subsection ~~(a)(3)~~ **(a)(4)** for the state fiscal year.

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1 (e) Before August 15 of each year, the treasurer of state shall  
 2 distribute the wagering taxes set aside for revenue sharing under  
 3 subsection (a)(1) to the county treasurer of each county that does not  
 4 have a riverboat according to the ratio that the county's population  
 5 bears to the total population of the counties that do not have a  
 6 riverboat. Except as provided in subsection (h), the county auditor shall  
 7 distribute the money received by the county under this subsection as  
 8 follows:

9 (1) To each city located in the county according to the ratio the  
 10 city's population bears to the total population of the county.

11 (2) To each town located in the county according to the ratio the  
 12 town's population bears to the total population of the county.

13 (3) After the distributions required in subdivisions (1) and (2) are  
 14 made, the remainder shall be retained by the county.

15 (f) Money received by a city, town, or county under subsection (e)  
 16 or (h) may be used for any of the following purposes:

17 (1) To reduce the property tax levy of the city, town, or county for  
 18 a particular year (a property tax reduction under this subdivision  
 19 does not reduce the maximum levy of the city, town, or county  
 20 under IC 6-1.1-18.5).

21 (2) For deposit in a special fund or allocation fund created under  
 22 IC 8-22-3.5, IC 36-7-14, IC 36-7-14.5, IC 36-7-15.1, and  
 23 IC 36-7-30 to provide funding for debt repayment.

24 (3) To fund sewer and water projects, including storm water  
 25 management projects.

26 (4) For police and fire pensions.

27 (5) To carry out any governmental purpose for which the money  
 28 is appropriated by the fiscal body of the city, town, or county.  
 29 Money used under this subdivision does not reduce the property  
 30 tax levy of the city, town, or county for a particular year or reduce  
 31 the maximum levy of the city, town, or county under  
 32 IC 6-1.1-18.5.

33 (g) This subsection does not apply to an entity receiving money  
 34 under IC 4-33-12-6(c). Before September 15 of each year, the treasurer  
 35 of state shall determine the total amount of money distributed to an  
 36 entity under IC 4-33-12-6 during the preceding state fiscal year. If the  
 37 treasurer of state determines that the total amount of money distributed  
 38 to an entity under IC 4-33-12-6 during the preceding state fiscal year  
 39 was less than the entity's base year revenue (as determined under  
 40 IC 4-33-12-6), the treasurer of state shall make a supplemental  
 41 distribution to the entity from taxes collected under this chapter and  
 42 deposited into the state general fund. Except as provided in subsection

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- 1 (i), the amount of an entity's supplemental distribution is equal to:  
 2 (1) the entity's base year revenue (as determined under  
 3 IC 4-33-12-6); minus  
 4 (2) the sum of:  
 5 (A) the total amount of money distributed to the entity during  
 6 the preceding state fiscal year under IC 4-33-12-6; plus  
 7 (B) any amounts deducted under IC 6-3.1-20-7.  
 8 (h) This subsection applies only to a county containing a  
 9 consolidated city. The county auditor shall distribute the money  
 10 received by the county under subsection (e) as follows:  
 11 (1) To each city, other than a consolidated city, located in the  
 12 county according to the ratio that the city's population bears to the  
 13 total population of the county.  
 14 (2) To each town located in the county according to the ratio that  
 15 the town's population bears to the total population of the county.  
 16 (3) After the distributions required in subdivisions (1) and (2) are  
 17 made, the remainder shall be paid in equal amounts to the  
 18 consolidated city and the county.  
 19 (i) This subsection applies only to the Indiana horse racing  
 20 commission. For each state fiscal year the amount of the Indiana horse  
 21 racing commission's supplemental distribution under subsection (g)  
 22 must be reduced by the amount required to comply with  
 23 IC 4-33-12-7(a).

24 SECTION 2. IC 20-20-40 IS ADDED TO THE INDIANA CODE  
 25 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 26 JULY 1, 2013]:

27 **Chapter 40. Replacement Grant to Offset Property Tax Credits**  
 28 **for Excessive Property Taxes**

29 **Sec. 1. As used in this chapter, "credits" refers to credits for**  
 30 **excessive property taxes that are granted under IC 6-1.1-20.6.**

31 **Sec. 2. As used in this chapter, "grant" refers to a grant**  
 32 **distributed under this chapter.**

33 **Sec. 3. As used in this chapter, "replacement amount" refers to**  
 34 **the amount determined under section 5 of this chapter.**

35 **Sec. 4. (a) Notwithstanding any other provision, a school**  
 36 **corporation is eligible for a grant under this chapter in 2013 and**  
 37 **each year thereafter if for that particular year the school**  
 38 **corporation's total property tax revenue is expected to be reduced**  
 39 **because of the application of credits in that year.**

40 **(b) An eligible school corporation is entitled to a grant equal to:**

- 41 **(1) eighty percent (80%) of the eligible school corporation's**  
 42 **replacement amount for property taxes imposed for that year**

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1 if the school corporation loses more than thirty-three percent  
 2 (33%) of its property tax revenue because of the application  
 3 of credits in that year; or

4 (2) the amount determined by the department of local  
 5 government finance, not to exceed eighty percent (80%) of the  
 6 eligible school corporation's replacement amount, if the  
 7 school corporation loses thirty-three percent (33%) or less of  
 8 its property tax revenue because of the application of credits  
 9 in that year.

10 **Sec. 5.** An eligible school corporation's replacement amount is  
 11 equal to the amount of credits granted against the eligible school  
 12 corporation's combined levy for the eligible school corporation's  
 13 debt service fund, capital projects fund, transportation fund,  
 14 school bus replacement fund, and racial balance fund.

15 **Sec. 6. (a)** The department shall administer the grant program.

16 (b) A school corporation shall apply for a grant under this  
 17 chapter as prescribed by the department.

18 **Sec. 7. (a)** Not later than July 30 of a calendar year, the budget  
 19 agency shall certify to the department an initial estimate of the  
 20 replacement amount attributable to each eligible school  
 21 corporation for the calendar year.

22 (b) Not later than November 1 of a calendar year, the budget  
 23 agency shall certify to the department a final estimate of the  
 24 replacement amount attributable to each eligible school  
 25 corporation for the calendar year.

26 (c) The budget agency shall use the best information available  
 27 to the budget agency at the time the certification is made in  
 28 determining certified amounts under this section.

29 **Sec. 8. (a)** Subject to section 9 of this chapter, the department  
 30 shall distribute a grant in two (2) equal installments to an eligible  
 31 school corporation based on the eligible school corporation's  
 32 estimated grant amount for the calendar year.

33 (b) There is annually appropriated to the department from the  
 34 state gaming fund established by IC 4-33-13-2 the amount  
 35 necessary to make grants under this chapter.

36 **Sec. 9.** Based on the final estimate of the replacement amount  
 37 certified to the department by the budget agency, the department  
 38 shall settle any overpayment or underpayment of grant amounts  
 39 to an eligible school corporation. The department may offset  
 40 overpayments of grant amounts for a particular calendar year  
 41 against:

42 (1) a subsequent grant; or

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**(2) a state tuition support distribution;  
that the eligible school corporation would otherwise be entitled to  
receive.**

**Sec. 10. An eligible school corporation shall deposit and use the  
amount received from a grant as follows:**

**(1) An amount equal to the revenue lost to the eligible school  
corporation's debt service fund as the result of the granting of  
credits shall be deposited in the eligible school corporation's  
debt service fund for purposes of the debt service fund.**

**(2) Any part of a grant that remains after making the deposit  
required under subdivision (1) may be deposited in any  
combination of the eligible school corporation's capital  
projects fund, transportation fund, school bus replacement  
fund, and racial balance fund, as determined by the school  
corporation.**

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