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# HOUSE BILL No. 1449

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-18.5-3; IC 12-20-21.

**Synopsis:** Township assistance tax rate. Separates the township assistance levy from the township's general fund levy, and provides for a levy based on a rate calculation that must be used to determine a township assistance levy after 2013. Specifies that the township assistance levy may not exceed the amount that would be raised by a tax rate equal to: (1) the 2013 statewide average township assistance property tax rate multiplied by eight; multiplied by (2) the school complexity index for the largest school corporation in the township. Provides that for a township that has a 2013 township assistance tax rate above this calculated maximum rate, the change is phased in over two years. Provides that if the calculated maximum rate for a township for 2014 is greater than or equal to the 2013 rate, the assessed value growth quotient (AVGQ) applies for 2014 and thereafter. Provides that for other townships, the AVGQ applies after 2015, after the new rate is fully phased in. Permits a township to increase the township assistance levy only if there is a corresponding reduction in the township's general fund levy. Specifies that if the township is located in a county for which a local option income tax for property tax levy freeze purposes is first imposed or increased, the township assistance fund levy remains the same for that year.

**Effective:** July 1, 2013.

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**Candelaria Reardon, Slager**

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January 22, 2013, read first time and referred to Committee on Ways and Means.

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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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# HOUSE BILL No. 1449



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

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

1 SECTION 1. IC 6-1.1-18.5-3, AS AMENDED BY P.L.172-2011,  
 2 SECTION 35, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 3 JULY 1, 2013]: Sec. 3. (a) A civil taxing unit may not impose an ad  
 4 valorem property tax levy for an ensuing calendar year that exceeds the  
 5 amount determined in the last STEP of the following STEPS:  
 6 STEP ONE: Determine the civil taxing unit's maximum  
 7 permissible ad valorem property tax levy for the preceding  
 8 calendar year.  
 9 STEP TWO: Multiply the amount determined in STEP ONE by  
 10 the amount determined in the last STEP of section 2(b) of this  
 11 chapter.  
 12 STEP THREE: Determine the lesser of one and fifteen hundredths  
 13 (1.15) or the quotient (rounded to the nearest ten-thousandth  
 14 (0.0001)), of the assessed value of all taxable property subject to  
 15 the civil taxing unit's ad valorem property tax levy for the ensuing  
 16 calendar year, divided by the assessed value of all taxable  
 17 property that is subject to the civil taxing unit's ad valorem



1 property tax levy for the ensuing calendar year and that is  
 2 contained within the geographic area that was subject to the civil  
 3 taxing unit's ad valorem property tax levy in the preceding  
 4 calendar year.

5 STEP FOUR: Determine the greater of the amount determined in  
 6 STEP THREE or one (1).

7 STEP FIVE: Multiply the amount determined in STEP TWO by  
 8 the amount determined in STEP FOUR.

9 STEP SIX: Add the amount determined under STEP TWO to the  
 10 amount of an excessive levy appeal granted under section 13 of  
 11 this chapter for the ensuing calendar year.

12 STEP SEVEN: Determine the greater of STEP FIVE or STEP  
 13 SIX.

14 (b) This subsection applies only to property taxes first due and  
 15 payable after December 31, 2007. This subsection applies only to a  
 16 civil taxing unit that is located in a county for which a county adjusted  
 17 gross income tax rate is first imposed or is increased in a particular  
 18 year under IC 6-3.5-1.1-24 or a county option income tax rate is first  
 19 imposed or is increased in a particular year under IC 6-3.5-6-30.  
 20 Notwithstanding any provision in this section, ~~or~~ any other section of  
 21 this chapter, **or IC 12-20-21-3**, and except as provided in subsection  
 22 (c), the maximum permissible ad valorem property tax levy calculated  
 23 under this section for the ensuing calendar year for a civil taxing unit  
 24 subject to this section is equal to the civil taxing unit's maximum  
 25 permissible ad valorem property tax levy for the current calendar year.

26 (c) This subsection applies only to property taxes first due and  
 27 payable after December 31, 2007. In the case of a civil taxing unit that:

28 (1) is partially located in a county for which a county adjusted  
 29 gross income tax rate is first imposed or is increased in a  
 30 particular year under IC 6-3.5-1.1-24 or a county option income  
 31 tax rate is first imposed or is increased in a particular year under  
 32 IC 6-3.5-6-30; and

33 (2) is partially located in a county that is not described in  
 34 subdivision (1);

35 the department of local government finance shall, notwithstanding  
 36 subsection (b), adjust the portion of the civil taxing unit's maximum  
 37 permissible ad valorem property tax levy that is attributable (as  
 38 determined by the department of local government finance) to the  
 39 county or counties described in subdivision (2). The department of  
 40 local government finance shall adjust this portion of the civil taxing  
 41 unit's maximum permissible ad valorem property tax levy so that,  
 42 notwithstanding subsection (b), this portion is allowed to increase as

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1 otherwise provided in this section. If the department of local  
 2 government finance increases the civil taxing unit's maximum  
 3 permissible ad valorem property tax levy under this subsection, any  
 4 additional property taxes imposed by the civil taxing unit under the  
 5 adjustment shall be paid only by the taxpayers in the county or counties  
 6 described in subdivision (2).

7 SECTION 2. IC 12-20-21-2, AS AMENDED BY P.L.169-2006,  
 8 SECTION 35, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 9 JULY 1, 2013]: Sec. 2. Township assistance money raised by  
 10 townships **shall be deposited in a separate fund known as the**  
 11 **township assistance fund and** may not be commingled.

12 SECTION 3. IC 12-20-21-3, AS AMENDED BY P.L.73-2005,  
 13 SECTION 95, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 14 JULY 1, 2013]: Sec. 3. (a) A ~~township trustee and~~ township board may  
 15 levy a specific tax for the purpose of providing money for the payment  
 16 of township assistance expenses in the following year. **Beginning in**  
 17 **2014, the department of local government finance shall remove the**  
 18 **township assistance property tax levy from the township's total**  
 19 **maximum permissible levy and treat the township assistance**  
 20 **property tax levy as a separate levy for purposes of a township's**  
 21 **maximum permissible ad valorem property tax levy under**  
 22 **IC 6-1.1-18.5.** The tax ~~may be sufficient to meet the entire requirement~~  
 23 ~~of the township in the following year or the part that is determined to~~  
 24 ~~be proper.~~ **levy may not exceed the amount determined for the year**  
 25 **under subsection (c). However, the assessed value growth quotient**  
 26 **under IC 6-1.1-18.5 applies in determining the maximum levy:**

27 (1) **after 2013, for a township to which subsection (e) does not**  
 28 **apply; and**

29 (2) **after 2015, for a township to which subsection (e) applies.**

30 (b) If a tax levy is established under subsection (a), all proceeds  
 31 derived from the tax levy shall be distributed to the township at the  
 32 same time and in the same manner as proceeds from other property tax  
 33 levies are distributed to the township. The proceeds of the tax levy shall  
 34 be held by the township in its township assistance ~~account~~ **fund** free  
 35 and available for the payment of township assistance obligations of the  
 36 township. The funds are continuing funds and do not revert to any other  
 37 fund at the end of the year.

38 (c) **In determining a township's maximum permissible ad**  
 39 **valorem property tax levy for purposes of IC 6-1.1-18.5, the**  
 40 **department of local government finance shall establish a maximum**  
 41 **permissible levy for the township assistance fund by applying a tax**  
 42 **rate equal to the township assistance property tax rate determined**

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1 under subsection (d), subject to being phased in as provided in  
2 subsection (e) for 2014 and 2015.

3 (d) Before August 1, 2013, the department of local government  
4 finance shall determine a township assistance property tax rate for  
5 each township that imposes a property tax for township assistance  
6 in 2013. The township assistance property tax rate is determined  
7 as follows:

8 **STEP ONE:** Determine the 2013 statewide average township  
9 assistance property tax rate multiplied by eight (8). The 2013  
10 statewide average township assistance property tax rate must  
11 be determined by including only those townships that imposed  
12 a property tax for township assistance for 2013.

13 **STEP TWO:** Determine the school complexity index for 2012  
14 for the school corporation in the township that has the highest  
15 ADM for 2012, as determined under IC 20-43.

16 **STEP THREE:** Determine the product of:

- 17 (A) the STEP ONE amount; multiplied by  
18 (B) the STEP TWO amount.

19 **STEP FOUR:** Determine the lesser of:

- 20 (A) the 2013 tax rate attributable to the township's  
21 township assistance levy for 2013; or  
22 (B) the STEP THREE amount.

23 A township may increase the township assistance property tax rate  
24 for an ensuing year above the amount determined in STEP FOUR  
25 but not by more than the rate decrease the township will make for  
26 the township's general fund levy for the ensuing year.

27 (e) If the rate determined under subsection (d), STEP THREE,  
28 is less than the 2013 township assistance property tax rate  
29 attributable to the township's township assistance levy for 2013,  
30 the following apply to 2014 and 2015:

31 (1) For 2014, the department of local government finance  
32 shall establish a maximum permissible levy for the township  
33 assistance fund by applying a tax rate equal to the lesser of:

- 34 (A) the 2013 tax rate attributable to the township's  
35 township assistance levy for 2013; or  
36 (B) the clause (A) amount minus one-third (1/3) of the  
37 difference between:

- 38 (i) the clause (A) amount; minus  
39 (ii) the township assistance property tax rate determined  
40 under subsection (d).

41 (2) For 2015, the department of local government finance  
42 shall establish a maximum permissible levy for the township

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- 1 assistance fund by applying a tax rate equal to the lesser of:
- 2 (A) the 2013 tax rate attributable to the township's
- 3 township assistance levy for 2013; or
- 4 (B) the clause (A) amount minus two-thirds (2/3) of the
- 5 difference between:
- 6 (i) the clause (A) amount; minus
- 7 (ii) the township assistance property tax rate determined
- 8 under subsection (d).

9 (f) A township that does not impose a property tax for township  
 10 assistance in 2013 and wishes to establish a township assistance  
 11 fund property tax levy after 2013 shall be treated in the same  
 12 manner as provided in IC 6-1.1-18.5-7 for a civil taxing unit that  
 13 did not adopt an ad valorem property tax levy for the immediately  
 14 preceding calendar year. However, the levy that may be allowed to  
 15 a township under this subsection may not exceed the levy  
 16 attributable to the maximum tax rate determined under subsection  
 17 (d), STEP THREE. If a township assistance fund tax rate is  
 18 established under this subsection for a year, the department of  
 19 local government finance shall reduce the township levy for the  
 20 township's general fund for that year by the amount of the levy  
 21 attributable to the township assistance fund.

22 SECTION 4. [EFFECTIVE JULY 1, 2013] (a) If a township will  
 23 impose a property tax levy for township assistance under  
 24 IC 12-20-21 for 2014, the maximum permissible ad valorem  
 25 property tax levy for 2014 under IC 6-1.1-18.5 for the township  
 26 general fund shall be reduced by the amount attributable to the  
 27 township's property tax levy for the township's township assistance  
 28 fund for 2013.

29 (b) This SECTION expires January 1, 2016.

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