

HOUSE BILL No. 1507

DIGEST OF INTRODUCED BILL

Citations Affected: IC 8-10-1.

Synopsis: Payment in lieu of taxes for Burns Harbor. Authorizes the City of Portage (City) to impose a payment in lieu of taxes (PILOT) against the Port of Indiana-Burns Harbor (Port) and any other owner of exempt property that is located at the Port. Establishes the maximum PILOT to be the property taxes that would be imposed on the property if the property were not exempt from property taxes. Provides that the revenue from the PILOT may be used for any general fund purpose of the City.

Effective: July 1, 2013.

Niemeyer

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. 1507



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 8-10-1-27, AS AMENDED BY P.L.98-2008,
2 SECTION 36, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2013]: Sec. 27. (a) The exercise of the powers granted by this
4 article will be in all respects for the benefit of the people of the state,
5 for the increase of their commerce and prosperity, and for the
6 improvement of their health and living conditions.
7 (b) As the operation and maintenance of a port or project by the
8 ports of Indiana will constitute the performance of essential
9 governmental functions, the ports of Indiana shall not be required to
10 pay any taxes or assessments upon any port or project or any property
11 acquired or used by the ports of Indiana under the provisions of this
12 article or upon the income therefrom, **except for the payment in lieu
13 of property taxes required by section 31 of this chapter.** The bonds
14 issued by the ports of Indiana, the interest thereon, the proceeds
15 received by a holder from the sale of such bonds to the extent of the
16 holder's cost of acquisition, or proceeds received upon redemption prior
17 to maturity or proceeds received at maturity, and the receipt of such



1 interest and proceeds shall be exempt from taxation in the state of
 2 Indiana for all purposes except the financial institutions tax imposed
 3 under IC 6-5.5 or a state inheritance tax imposed under IC 6-4.1.

4 (c) Notwithstanding any other statute, a lessee's leasehold estate in
 5 land that is part of a port and that is owned by the state or the ports of
 6 Indiana is exempt from property taxation. However, an exemption
 7 under this subsection is not available for land not located at a port **or**
 8 **with respect to a leasehold estate subject to the payment in lieu of**
 9 **property taxes imposed under section 31 of this chapter.**

10 SECTION 2. IC 8-10-1-31 IS ADDED TO THE INDIANA CODE
 11 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 12 1, 2013]: **Sec. 31. (a) The general assembly finds the following:**

13 **(1) The Port of Indiana-Burns Harbor (Port) located within**
 14 **the City of Portage (City) results in an increased cost to the**
 15 **City for providing governmental services to the Port and the**
 16 **surrounding area.**

17 **(2) The Port and certain property located at the Port are**
 18 **exempt from property taxation, resulting in the lack of an**
 19 **adequate tax base to support the governmental services**
 20 **provided by the City.**

21 **(3) To provide a proper allocation of the cost of providing**
 22 **governmental services to the Port and the surrounding area,**
 23 **the City fiscal body should be authorized to collect a PILOT**
 24 **with regard to the exempt property at the Port.**

25 **(4) The appropriate maximum PILOT would be the amount**
 26 **of the property taxes that would be paid to the City if the**
 27 **property located at the Port were not exempt from property**
 28 **taxation.**

29 **(b) As used in this section, a term defined in IC 6-1.1-1 has the**
 30 **meaning set forth in IC 6-1.1-1. As used in this section, "PILOT"**
 31 **means payments in lieu of taxes.**

32 **(c) The City fiscal body may impose a PILOT by adopting an**
 33 **ordinance with respect to:**

34 **(1) tangible property that is owned or leased by the Port and**
 35 **that is treated as exempt from property taxation under this**
 36 **chapter;**

37 **(2) tangible property that is owned by or leased to a person**
 38 **other than the Port and that is treated as exempt from**
 39 **property taxation under this chapter; or**

40 **(3) both.**

41 **(d) The PILOT may be in any amount as long as the PILOT**
 42 **does not exceed the amount of property taxes that would have been**

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1 levied for the City upon the tangible property described in
 2 subsection (c) if the property were not treated as exempt from
 3 property taxation under this chapter. A PILOT shall be due as set
 4 forth in the ordinance and bear interest, if unpaid, as in the case of
 5 property taxes. A PILOT shall be imposed and treated in the same
 6 manner as property taxes.

7 (e) A PILOT must be based on the assessed value of the tangible
 8 property described in subsection (c). The county assessor, or the
 9 township assessor for the township (if any), shall assess the exempt
 10 tangible property located at the Port. The Port and any property
 11 owner subject to the PILOT shall report the value of exempt
 12 personal property located at the Port in a manner consistent with
 13 IC 6-1.1-3.

14 (f) Notwithstanding any other law, the Port is authorized to pay
 15 a PILOT from any legally available source of revenue. The Port
 16 may consider these payments to be operating expenses for all
 17 purposes.

18 (g) Revenue from a PILOT shall be deposited in the general
 19 fund of the City. The revenue may be used for any purpose for
 20 which the City's general fund may be used.

21 (h) The first semiannual PILOT payment may not be due before
 22 June 30, 2014.

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