

COMMITTEE REPORT

MADAM PRESIDENT:

The Senate Committee on Tax and Fiscal Policy, to which was referred House Bill No. 1585, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

- 1 Page 3, delete lines 13 through 31, begin a new paragraph and
2 insert:
3 "SECTION 3. IC 6-1.1-20.3-6.7 IS ADDED TO THE INDIANA
4 CODE AS A NEW SECTION TO READ AS FOLLOWS
5 [EFFECTIVE JULY 1, 2013]: **Sec. 6.7. (a) As used in this chapter,**
6 **"township assistance property tax rate" means the property tax**
7 **rate imposed for the payment of township assistance. In the case of**
8 **a township that has a separately calculated maximum permissible**
9 **ad valorem property tax levy for the township's township**
10 **assistance administration property tax levy and the township's**
11 **township assistance benefits property tax levy under**
12 **IC 12-20-21-3.2, "township assistance property tax rate" means the**
13 **sum of the property tax rate imposed for the township's township**
14 **assistance administration property tax levy and the property tax**
15 **rate imposed for the township's township assistance benefits**
16 **property tax levy.**
17 **(b) Subsection (c) applies only to a township for which the**
18 **township's township assistance property tax rate for property taxes**
19 **first due and payable in 2014 or in any year thereafter is more than**
20 **the result of:**
21 **(1) the statewide average township assistance property tax**

1 **rate (as determined by the department of local government**
 2 **finance) for property taxes first due and payable in that same**
 3 **year; multiplied by**
 4 **(2) twelve (12).**

5 **(c) The board may in any year in which this subsection applies**
 6 **to a township (as provided in subsection (b)) designate a township**
 7 **described in subsection (b) as a distressed political subdivision,**
 8 **effective January 1 of the following year, regardless of whether the**
 9 **township has submitted a petition requesting to be designated as a**
 10 **distressed political subdivision."**

11 Page 6, delete lines 15 through 27, begin a new paragraph and
 12 insert:

13 **"(c) In the case of a township designated as distressed under**
 14 **section 6.7 of this chapter, the board shall terminate the township's**
 15 **status as a distressed political subdivision if the board finds that**
 16 **the township's township assistance property tax rate (as defined in**
 17 **section 6.7(a) of this chapter) for the current calendar year is not**
 18 **more than the result of:**

19 **(1) the statewide average township assistance property tax**
 20 **rate (as determined by the department of local government**
 21 **finance) for property taxes first due and payable in that same**
 22 **year; multiplied by**
 23 **(2) twelve (12)."**

24 Page 6, line 37, delete "levy" and insert "**rate (as defined in section**
 25 **6.7(a) of this chapter).**".

26 Page 6, delete lines 38 through 39.

27 Page 6, line 40, delete "in the case of a township subject to
 28 IC 12-20-21-3.2)."

29 Page 7, line 24, after "applies" insert "**only**".

30 Page 7, line 25, delete "levy" and insert "**rate (as defined in**
 31 **IC 6-1.1-20.3-6.7(a))**".

32 Page 7, line 26, after "2013" insert "**or any year thereafter**".

33 Page 7, line 29, delete "levy" and insert "**rate**".

34 Page 7, line 30, delete "2013;" and insert "**in that same year;**".

35 Page 7, line 32, delete "ten (10)." and insert "**twelve (12).**".

36 Page 7, line 34, delete "2014" and insert "**the year following the**
 37 **year in which this section first applies to the township, as provided**
 38 **in subsection (a),"**

39 Page 8, delete lines 7 through 30, begin a new paragraph and insert:

40 **"(c) The department of local government finance shall, for**
 41 **property taxes first due and payable in the year following the year**
 42 **in which this section first applies to the township, as provided in**

1 subsection (a), determine the initial maximum permissible ad
 2 valorem property tax levy under IC 6-1.1-18.5 for a township's
 3 township assistance administration property tax levy."

4 Page 8, line 34, delete "2014" and insert "the year following the
 5 year in which this section first applies to the township, as provided
 6 in subsection (a)."

7 Page 8, line 37, delete "2013;" and insert "the year in which this
 8 section first applies to the township, as provided in subsection (a);".

9 Page 8, line 38, after "determined" insert "by the department of
 10 local government finance".

11 Page 8, line 38, delete "STEP".

12 Page 8, line 39, delete "ONE of".

13 Page 9, line 1, delete "2014." and insert "the year following the
 14 year in which this section first applies to the township, as provided
 15 in subsection (a)."

16 Page 9, line 7, delete "2013;" and insert "the year in which this
 17 section first applies to the township, as provided in subsection (a);".

18 Page 9, line 10, delete "2014." and insert "the year following the
 19 year in which this section first applies to the township, as provided
 20 in subsection (a)."

21 Page 9, line 15, delete "2014." and insert "the year following the
 22 year in which this section first applies to the township, as provided
 23 in subsection (a)."

24 Page 9, after line 34, begin a new paragraph and insert:

25 "SECTION 10. IC 36-1-1.5 IS ADDED TO THE INDIANA CODE
 26 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 27 JULY 1, 2013]:

28 **Chapter 1.5. Transfer of Municipal Territory to an Adjacent**
 29 **Township**

30 **Sec. 1. This chapter does not apply to a county having a**
 31 **consolidated city.**

32 **Sec. 2. As used in this chapter, "eligible municipality" means a**
 33 **municipality that:**

34 **(1) includes any territory located in a township for which the**
 35 **township assistance property tax rate for property taxes first**
 36 **due and payable in 2015 or in any year thereafter is more**
 37 **than:**

38 **(A) the statewide average township assistance property tax**
 39 **rate for property taxes first due and payable in that same**
 40 **year (as determined by the department of local**
 41 **government finance); multiplied by**

42 **(B) twelve (12); and**

- 1 **(2) is adjacent to one (1) or more townships other than the**
2 **township described in subdivision (1).**
- 3 **Sec. 3. As used in this chapter, "township assistance property**
4 **tax rate" has the meaning set forth in IC 6-1.1-20.3-6.7(a).**
- 5 **Sec. 4. As used in this chapter, "transferor township" means a**
6 **township described in section 2(1) of this chapter.**
- 7 **Sec. 5. This chapter does not prohibit the:**
8 **(1) reorganization; or**
9 **(2) alteration of the boundaries;**
10 **of one (1) or more townships under any other law.**
- 11 **Sec. 6. The territory of an eligible municipality that is located in**
12 **a transferor township may be transferred from the transferor**
13 **township to an adjacent township within the county as provided in**
14 **this chapter.**
- 15 **Sec. 7. The voters of an eligible municipality may file a petition**
16 **with the clerk of the eligible municipality to have a public question**
17 **placed on the ballot under section 8 of this chapter to allow voters**
18 **to vote on whether the territory of the eligible municipality should**
19 **be transferred to an adjacent township within the county. A**
20 **petition under this section must be signed by at least the number of**
21 **voters equal to thirty percent (30%) of the votes cast in the eligible**
22 **municipality in the last election for secretary of state.**
- 23 **Sec. 8. The following apply if the voters of an eligible**
24 **municipality file a sufficient petition under section 7 of this**
25 **chapter:**
- 26 **(1) The clerk of the eligible municipality shall certify the**
27 **petition to the county election board.**
- 28 **(2) A special election on the public question shall be held in**
29 **the eligible municipality in the manner prescribed by**
30 **IC 3-10-8-6. The special election shall be held on a date that:**
31 **(A) is determined by the legislative body of the eligible**
32 **municipality; and**
33 **(B) is not more than one (1) year after the date on which**
34 **the clerk of the eligible municipality certifies the petition**
35 **to the county election board.**
- 36 **(3) The clerk of the eligible municipality shall give notice of**
37 **the special election by publication in the manner prescribed**
38 **by IC 5-3-1.**
- 39 **(4) The eligible municipality shall pay the costs of holding the**
40 **special election.**
- 41 **(5) The county election board shall place the following**
42 **question on the ballot in the eligible municipality:**

1 "Shall the territory of _____ (insert the name of
2 the eligible municipality) be transferred from
3 _____ (insert the name of the transferor
4 township) to an adjacent township?".

5 **(6) After the special election on the public question is held, the
6 county election board:**

7 **(A) shall file with the clerk of the eligible municipality the
8 results of the special election for each precinct of the
9 eligible municipality in the manner prescribed by
10 IC 3-12-4; and**

11 **(B) shall certify a copy of the results of the special election
12 to:**

13 **(i) the county auditor;**

14 **(ii) the legislative body and executive of the eligible
15 municipality; and**

16 **(iii) the legislative body and executive of each township
17 that includes territory of the eligible municipality.**

18 **Sec. 9. The following apply if at least two-thirds (2/3) of the
19 voters voting in a special election under this chapter vote "yes" on
20 the public question under this chapter:**

21 **(1) The legislative body of the eligible municipality may,
22 within one (1) year after the special election, submit a petition
23 to one (1) or more adjacent townships requesting an adjacent
24 township to accept the transfer of the territory of the eligible
25 municipality that is within the transferor township.**

26 **(2) The legislative body of an adjacent township that receives
27 a petition under subdivision (1) may adopt a resolution
28 accepting the transfer of the territory of the eligible
29 municipality that is within the transferor township and
30 specifying the date on which the transfer is effective.
31 However, the legislative body of the adjacent township may
32 adopt a resolution accepting the transfer of the territory of
33 the eligible municipality only within the one (1) year period
34 following the date on which the legislative body receives the
35 petition.**

36 **(3) If the legislative body of the eligible municipality submits
37 a petition to one (1) or more adjacent townships under
38 subdivision (1) within one (1) year after the special election,
39 but a resolution accepting the transfer of the territory of the
40 eligible municipality within the transferor township is not
41 adopted by the legislative body of an adjacent township within
42 the one (1) year period following the date on which the last**

- 1 **legislative body of a township receives such a petition:**
 2 **(A) the territory of the eligible municipality may not be**
 3 **transferred under this chapter; and**
 4 **(B) a subsequent special election under this chapter may**
 5 **not be held in the eligible municipality.**

- 6 **(4) If the legislative body of the eligible municipality does not**
 7 **submit a petition to one (1) or more adjacent townships under**
 8 **subdivision (1) within one (1) year after the special election:**
 9 **(A) the territory of the eligible municipality may not be**
 10 **transferred under this chapter; and**
 11 **(B) a subsequent special election under this chapter may**
 12 **not be held in the eligible municipality.**

13 **Sec. 10. If less than two-thirds (2/3) of the voters voting in a**
 14 **special election under this chapter vote "yes" on the public**
 15 **question under this chapter:**

- 16 **(1) the territory of the eligible municipality may not be**
 17 **transferred under this chapter; and**
 18 **(2) a subsequent special election under this chapter may not**
 19 **be held in the eligible municipality.**

20 **Sec. 11. (a) If the legislative body of a township that receives a**
 21 **petition under section 9(2) of this chapter adopts a resolution**
 22 **accepting the transfer of the eligible municipality's territory that**
 23 **is within the transferor township as provided in section 9(2) of this**
 24 **chapter, the territory of the eligible municipality that is within the**
 25 **transferor township is transferred to and becomes part of the**
 26 **township adopting the resolution on the date specified in the**
 27 **resolution.**

28 **(b) If more than one (1) adjacent township adopts a resolution**
 29 **as provided in section 9(2) of this chapter accepting the transfer of**
 30 **the territory of the eligible municipality that is within the**
 31 **transferor township, the territory of the eligible municipality that**
 32 **is within the transferor township is transferred to and becomes**
 33 **part of the township that is first to adopt the resolution.**

34 **Sec. 12. (a) Except as provided in subsection (c), if the transferor**
 35 **township is indebted or has outstanding unpaid bonds or other**
 36 **obligations at the time the transfer is effective, the township to**
 37 **which the territory is transferred is liable for and shall pay that**
 38 **indebtedness in the same ratio as the assessed valuation of the**
 39 **property transferred bears to the assessed valuation of all property**
 40 **in the transferor township, as determined for the last assessment**
 41 **date before the transfer.**

42 **(b) Except as provided in subsection (c), if the indebtedness**

1 consists of outstanding unpaid bonds or notes of the transferor
 2 township, the payments to the transferor township shall be made
 3 as the principal or interest on the bonds or notes becomes due.
 4 Except as provided in subsection (c), the township to which the
 5 territory is transferred may impose property taxes to pay the
 6 outstanding indebtedness only within the territory that is
 7 transferred, and the territory that is transferred constitutes a
 8 special taxing district for purposes of paying the outstanding
 9 indebtedness. The department of local government finance shall
 10 determine the amount of outstanding indebtedness, if any, for
 11 which taxpayers of the territory that has been transferred remain
 12 liable under this section.

13 (c) After a transfer of territory of an eligible municipality is
 14 effective under this chapter, the following apply to debt incurred
 15 by a transferor township during the period beginning one (1) year
 16 before the date on which a petition is filed with the clerk of the
 17 eligible municipality under section 7 of this chapter and ending on
 18 the date the transfer of territory is effective:

19 (1) The township to which the territory is transferred is not
 20 liable for and is not required to pay any part of that
 21 indebtedness.

22 (2) A property tax may not be imposed on the taxpayers of the
 23 transferred territory to pay any part of that indebtedness.

24 (3) The territory that is transferred does not constitute a
 25 special taxing district for purposes of paying any part of that
 26 indebtedness.

27 **Sec. 13.** The department of local government finance shall
 28 adjust the maximum permissible ad valorem property tax levies of
 29 the:

30 (1) transferor township; and

31 (2) township to which territory is transferred under this
 32 chapter;

33 as the department of local government finance determines is
 34 necessary to reflect the transfer of the territory.

35 **Sec. 14.** A transfer of territory under this chapter may not take
 36 effect during the year preceding a year in which a federal decennial
 37 census is conducted. A transfer of territory under this chapter that
 38 would otherwise take effect during the year preceding a year in
 39 which a federal decennial census is conducted takes effect January
 40 2 of the year in which the federal decennial census is conducted.

41 SECTION 11. IC 36-6-1-6 IS AMENDED TO READ AS
 42 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 6. (a) This section

- 1 **does not apply to a township that is altered under IC 36-1-1.5.**
 2 **(b)** After creation of a township or alteration of a township's
 3 boundaries, the township must have:
 4 (1) a surface area of at least twelve (12) square miles and an
 5 assessed valuation of at least two million dollars (\$2,000,000); or
 6 (2) a surface area of at least twenty-four (24) square miles;
 7 unless it was created or altered under section 3 of this chapter.
 8 SECTION 12. [EFFECTIVE UPON PASSAGE] **(a) The**
 9 **commission on state tax and financing policy established under**
 10 **IC 2-5-3 shall, during the interim in 2013 between sessions of the**
 11 **general assembly, study the following issues:**
 12 **(1) The administrative costs of providing township assistance.**
 13 **(2) The reporting of the administrative costs of providing**
 14 **township assistance.**
 15 **(b) The commission shall report its findings and**
 16 **recommendations, if any, to the legislative council in an electronic**
 17 **format under IC 5-14-6 before November 1, 2013.**
 18 **(c) This SECTION expires January 1, 2014.**
 19 SECTION 13. **An emergency is declared for this act."**
 20 Renumber all SECTIONS consecutively.
 (Reference is to EHB 1585 as printed March 15, 2013.)

and when so amended that said bill do pass .

Committee Vote: Yeas 9, Nays 2.

Senator Hershman, Chairperson