

COMMITTEE REPORT

MADAM PRESIDENT:

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

1 calendar year.
2 STEP FOUR: Determine the greater of the amount determined in
3 STEP THREE or one (1).
4 STEP FIVE: Multiply the amount determined in STEP TWO by
5 the amount determined in STEP FOUR.
6 STEP SIX: Add the amount determined under STEP TWO to the
7 amount of an excessive levy appeal granted under section 13 of
8 this chapter for the ensuing calendar year.
9 STEP SEVEN: Determine the greater of STEP FIVE or STEP
10 SIX.

11 (b) This subsection applies only to property taxes first due and
12 payable after December 31, 2007. This subsection applies only to a
13 civil taxing unit that is located in a county for which a county adjusted
14 gross income tax rate is first imposed or is increased in a particular
15 year under IC 6-3.5-1.1-24 or a county option income tax rate is first
16 imposed or is increased in a particular year under IC 6-3.5-6-30.
17 Notwithstanding any provision in this section, ~~or~~ any other section of
18 this chapter, **or IC 12-20-21-3.2**, and except as provided in subsection
19 (c), the maximum permissible ad valorem property tax levy calculated
20 under this section for the ensuing calendar year for a civil taxing unit
21 subject to this section is equal to the civil taxing unit's maximum
22 permissible ad valorem property tax levy for the current calendar year.

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

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

30 (2) is partially located in a county that is not described in
31 subdivision (1);

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

1 additional property taxes imposed by the civil taxing unit under the
 2 adjustment shall be paid only by the taxpayers in the county or counties
 3 described in subdivision (2).

4 SECTION 2. IC 6-1.1-20.3-2, AS AMENDED BY P.L.145-2012,
 5 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 6 JULY 1, 2013]: Sec. 2. As used in this chapter, "distressed political
 7 subdivision" means a political subdivision designated as a distressed
 8 political subdivision by the board under section 6.5 **or 6.7** of this
 9 chapter.

10 SECTION 3. IC 6-1.1-20.3-6.7 IS ADDED TO THE INDIANA
 11 CODE AS A NEW SECTION TO READ AS FOLLOWS
 12 [EFFECTIVE JULY 1, 2013]: **Sec. 6.7. (a) This section applies only**
 13 **to a township for which the township's township assistance**
 14 **property tax levy (or the sum of the township's township assistance**
 15 **benefits property tax levy and township assistance administration**
 16 **property tax levy, in the case of a township subject to**
 17 **IC 12-20-21-3.2) for property taxes first due and payable in 2016**
 18 **is more than the result of:**

19 (1) **the statewide average township assistance property tax**
 20 **levy (as determined by the department of local government**
 21 **finance) for property taxes first due and payable in 2016;**
 22 **multiplied by**

23 (2) **ten (10).**

24 (b) **The board may in 2016 designate a township described in**
 25 **subsection (a) as a distressed political subdivision, effective**
 26 **January 1, 2017, regardless of whether the township has submitted**
 27 **a petition requesting to be designated as a distressed political**
 28 **subdivision.**

29 SECTION 4. IC 6-1.1-20.3-7.5, AS ADDED BY P.L.145-2012,
 30 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 31 JULY 1, 2013]: Sec. 7.5. (a) This section does not apply to a school
 32 corporation designated as a distressed political subdivision.

33 (b) If the board designates a political subdivision as a distressed
 34 political subdivision under section 6.5 **or 6.7** of this chapter, the board
 35 shall appoint an emergency manager for the distressed political
 36 subdivision. An emergency manager serves at the pleasure of the
 37 board.

38 (c) The chairperson of the board shall oversee the activities of an
 39 emergency manager.

40 (d) The distressed political subdivision shall pay the emergency
 41 manager's compensation and reimburse the emergency manager for
 42 actual and necessary expenses.

1 SECTION 5. IC 6-1.1-20.3-8.5, AS ADDED BY P.L.145-2012,
2 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2013]: Sec. 8.5. (a) This section does not apply to school
4 corporations.

5 (b) Notwithstanding any other law, an emergency manager of a
6 distressed political subdivision appointed under section 7.5 of this
7 chapter shall do the following:

8 (1) Assume and exercise the authority and responsibilities of both
9 the executive and the fiscal body of the political subdivision
10 concerning the adoption, amendment, and enforcement of
11 ordinances and resolutions relating to or affecting the fiscal
12 stability of the political subdivision. However, the emergency
13 manager does not have the power to impose taxes or fees in
14 addition to the taxes or fees authorized by the political
15 subdivision before the political subdivision was designated a
16 distressed political subdivision.

17 (2) Review the political subdivision's budget.

18 (3) Review salaries of the political subdivision's employees.

19 (4) Conduct a financial and compliance audit of the internal
20 operations of the political subdivision.

21 (5) Develop a written financial plan in consultation with the
22 officials of the political subdivision not later than six (6) months
23 after appointment.

24 (6) Develop a plan for paying all the political subdivision's
25 outstanding obligations.

26 (7) Review existing labor contracts.

27 (8) Adopt a budget for the political subdivision for each calendar
28 or fiscal year, as applicable, that the political subdivision remains
29 a distressed political subdivision.

30 (9) Review payrolls and other claims against the political
31 subdivision before payment.

32 (10) Make, approve, or disapprove the following:

33 (A) A contract.

34 (B) An expenditure.

35 (C) A loan.

36 (D) The creation of any new position.

37 (E) The filling of any vacant position.

38 (11) Submit a written report to the board every three (3) months
39 concerning:

40 (A) actions taken by the emergency manager;

41 (B) expenditures made by the distressed political subdivision;

42 and

1 (C) the work that has been done to remove the distressed
2 political subdivision from distressed status.

3 (12) Petition the board to terminate a political subdivision's status
4 as a distressed political subdivision when the conditions found in
5 section 6.5 of this chapter are no longer applicable to the political
6 subdivision.

7 (c) An emergency manager of a distressed political subdivision
8 appointed under section 7.5 of this chapter may do the following:

9 (1) Renegotiate existing labor contracts and act as an agent of the
10 political subdivision in collective bargaining.

11 (2) Reduce or suspend salaries of the political subdivision's
12 employees.

13 (3) Enter into agreements with other political subdivisions for the
14 provision of services.

15 (d) Except as provided in section ~~13(c)~~ **13(d)** of this chapter, an
16 emergency manager of a distressed political subdivision retains the
17 powers and duties described in subsections (b) and (c) until:

18 (1) the emergency manager resigns or dies;

19 (2) the board removes the emergency manager; or

20 (3) the political subdivision's status as a distressed political
21 subdivision is terminated under section 13(b) **or 13(c)** of this
22 chapter.

23 SECTION 6. IC 6-1.1-20.3-10, AS AMENDED BY P.L.145-2012,
24 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
25 JULY 1, 2013]: Sec. 10. A distressed political subdivision may petition
26 the tax court for judicial review of a determination of the board under
27 section 6.5 **or 6.7** of this chapter. The action must be taken to the tax
28 court under IC 6-1.1-15 in the same manner that an action is taken to
29 appeal a final determination of the Indiana board of tax review. The
30 petition must be filed in the tax court not more than forty-five (45) days
31 after the board enters its final determination.

32 SECTION 7. IC 6-1.1-20.3-13, AS ADDED BY P.L.145-2012,
33 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
34 JULY 1, 2013]: Sec. 13. (a) If:

35 (1) an emergency manager of a distressed political subdivision
36 that is not a school corporation;

37 (2) the fiscal body and executive of the political subdivision
38 jointly; or

39 (3) the governing body of a school corporation that:

40 (A) employs a new superintendent; or

41 (B) has a new member elected or appointed to its governing
42 body;

1 during the time the school corporation is a distressed political
 2 subdivision;
 3 files a petition with the board for termination of the political
 4 subdivision's status as a distressed political subdivision, the board shall
 5 conduct a public hearing on the question of whether to terminate the
 6 political subdivision's status as a distressed political subdivision.

7 **(b) In the case of a political subdivision designated as distressed**
 8 **under section 6.5 of this chapter,** the board shall terminate the
 9 political subdivision's status as a distressed political subdivision if the
 10 board finds that the conditions found in section 6.5 of this chapter are
 11 no longer applicable to the political subdivision.

12 **(c) In the case of a township designated as distressed under**
 13 **section 6.7 of this chapter, the board shall terminate the township's**
 14 **status as a distressed political subdivision if the board finds that**
 15 **the township's township assistance property tax levy (or the sum**
 16 **of the township's township assistance benefits property tax levy**
 17 **and township assistance administration property tax levy, in the**
 18 **case of a township subject to IC 12-20-21-3.2) for the current**
 19 **calendar year is not more than the result of:**

20 **(1) the statewide average township assistance property tax**
 21 **levy (as determined by the department of local government**
 22 **finance) for property taxes first due and payable in that year;**
 23 **multiplied by**
 24 **(2) ten (10).**

25 ~~(c)~~ **(d)** Notwithstanding any other section of this chapter, not later
 26 than ninety (90) days after taking office, a new executive of a distressed
 27 political subdivision may petition the board for suspension of the
 28 political subdivision's distressed status. **In the case of a political**
 29 **subdivision designated as distressed under section 6.5 of this**
 30 **chapter,** the executive must include in its petition a written plan to
 31 resolve the applicable issues described in section 6.5 of this chapter. **In**
 32 **the case of a township designated as distressed under section 6.7 of**
 33 **this chapter, the executive must include in its petition a written**
 34 **plan to lower the township's township assistance property tax levy**
 35 **(or the sum of the township's township assistance benefits property**
 36 **tax levy and township assistance administration property tax levy,**
 37 **in the case of a township subject to IC 12-20-21-3.2).** If the board
 38 approves the executive's written plan, the board may suspend the
 39 political subdivision's distressed status for one hundred eighty (180)
 40 days. Suspension under this chapter terminates automatically upon
 41 expiration of the one hundred eighty (180) day period. The board may
 42 consider a petition to terminate the political subdivision's distressed

1 status during a period of suspension.

2 SECTION 8. IC 12-20-21-3, AS AMENDED BY P.L.73-2005,
 3 SECTION 95, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 4 JULY 1, 2013]: Sec. 3. (a) **Except as provided in section 3.2 of this**
 5 **chapter**, a township trustee and township board may levy a specific tax
 6 for the purpose of providing money for the payment of township
 7 assistance expenses in the following year. The tax may be sufficient to
 8 meet the entire requirement of the township in the following year or the
 9 part that is determined to be proper.

10 (b) **Except as provided in section 3.2 of this chapter**, if a tax levy
 11 is established under subsection (a), all proceeds derived from the tax
 12 levy shall be distributed to the township at the same time and in the
 13 same manner as proceeds from other property tax levies are distributed
 14 to the township. The proceeds of the tax levy shall be held by the
 15 township in its township assistance account free and available for the
 16 payment of township assistance obligations of the township. The funds
 17 are continuing funds and do not revert to any other fund at the end of
 18 the year.

19 SECTION 9. IC 12-20-21-3.2 IS ADDED TO THE INDIANA
 20 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 21 [EFFECTIVE JULY 1, 2013]: **Sec. 3.2. (a) This section applies to a**
 22 **township if the township's township assistance property tax levy**
 23 **for property taxes first due and payable in 2013 is more than the**
 24 **result of:**

25 (1) **the statewide average township assistance property tax**
 26 **levy (as determined by the department of local government**
 27 **finance) for property taxes first due and payable in 2013;**
 28 **multiplied by**
 29 (2) **ten (10).**

30 (b) **Notwithstanding any other law, beginning with property**
 31 **taxes first due and payable in 2014 the department of local**
 32 **government finance shall do the following in the case of a township**
 33 **subject to this section:**

34 (1) **Remove the township assistance property tax levy from**
 35 **the maximum permissible ad valorem property tax levy for**
 36 **the township's general fund.**

37 (2) **Require the township to separate its township assistance**
 38 **property tax levy into the following two (2) property tax**
 39 **levies:**

40 (A) **A township assistance benefits property tax levy.**

41 (B) **A township assistance administration property tax**
 42 **levy.**

1 **(3) Calculate a separate maximum permissible ad valorem**
 2 **property tax levy under IC 6-1.1-18.5 for each of the**
 3 **township's property tax levies described in subdivision (2).**

4 **(c) The initial maximum permissible ad valorem property tax**
 5 **levy under IC 6-1.1-18.5 for a township's township assistance**
 6 **administration property tax levy for property taxes first due and**
 7 **payable in 2014 is equal to the amount determined in the following**
 8 **STEPS:**

9 **STEP ONE: Determine the result of:**

10 **(A) the township's township assistance property tax levy**
 11 **for property taxes first due and payable in 2013;**
 12 **multiplied by**

13 **(B) a percentage equal to:**

14 **(i) the total amount of township expenditures in Indiana**
 15 **in 2012 for the administration of township assistance (as**
 16 **determined by the department of local government**
 17 **finance); divided by**

18 **(ii) the total amount of all township expenditures in**
 19 **Indiana in 2012 for township assistance (as determined**
 20 **by the department of local government finance),**
 21 **including expenditures for the administration of**
 22 **township assistance and expenditures for township**
 23 **assistance benefits.**

24 **STEP TWO: Multiply the STEP ONE result by the assessed**
 25 **value growth quotient under IC 6-1.1-18.5-2 that is applicable**
 26 **to the township for property taxes first due and payable in**
 27 **2014.**

28 **(d) The initial maximum permissible ad valorem property tax**
 29 **levy under IC 6-1.1-18.5 for a township's township assistance**
 30 **benefits property tax levy for property taxes first due and payable**
 31 **in 2014 is equal to the amount determined in the following STEPS:**

32 **STEP ONE: Determine the result of:**

33 **(A) the township's township assistance property tax levy**
 34 **for property taxes first due and payable in 2013; minus**

35 **(B) the result determined for the township under STEP**
 36 **ONE of subsection (c).**

37 **STEP TWO: Multiply the STEP ONE result by the assessed**
 38 **value growth quotient under IC 6-1.1-18.5-2 that is applicable**
 39 **to the township for property taxes first due and payable in**
 40 **2014.**

41 **(e) The maximum permissible ad valorem property tax levy for**
 42 **the township's general fund shall be adjusted as determined in the**

- 1 following STEPS:
- 2 **STEP ONE: Multiply:**
- 3 (A) the township's township assistance property tax levy
- 4 for property taxes first due and payable in 2013; by
- 5 (B) the assessed value growth quotient under
- 6 IC 6-1.1-18.5-2 that is applicable to the township for
- 7 property taxes first due and payable in 2014.
- 8 **STEP TWO: Subtract the STEP ONE result from the**
- 9 **maximum permissible ad valorem property tax levy that**
- 10 **would otherwise apply for the township's general fund.**
- 11 **The adjustment under this subsection applies beginning with**
- 12 **property taxes first due and payable in 2014.**
- 13 **(f) The property taxes collected from a township's township**
- 14 **assistance administration property tax levy:**
- 15 (1) shall be deposited into a separate fund;
- 16 (2) shall be used only for the administration of township
- 17 assistance within the township; and
- 18 (3) shall not be used to pay township assistance to any person.
- 19 **(g) The property taxes collected from a township's township**
- 20 **assistance benefits property tax levy:**
- 21 (1) shall be deposited into a separate fund;
- 22 (2) shall be used only for the purpose of paying township
- 23 assistance to eligible recipients; and
- 24 (3) shall not be used to pay for the administration of township
- 25 assistance within the township.
- 26 **(h) Except as provided in this section, references in the Indiana**
- 27 **Code to a township assistance property tax levy shall, in the case**
- 28 **of a township subject to this section, be considered a reference to**
- 29 **the township's township assistance benefits property tax levy and**
- 30 **the township's township assistance administration property tax**
- 31 **levy.**

(Reference is to HB 1585 as reprinted February 12, 2013.)

and when so amended that said bill do pass and be reassigned to the Senate Committee on Tax and Fiscal Policy.

Committee Vote: Yeas 8, Nays 1.

Senator Head, Chairperson