

COMMITTEE REPORT

MADAM PRESIDENT:

The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 585, 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 1, between the enacting clause and line 1, begin a new
2 paragraph and insert:
3 "SECTION 1. IC 6-1.1-18.5-2, AS AMENDED BY P.L.1-2008,
4 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
5 JULY 1, 2013]: Sec. 2. (a) As used in this section, "Indiana nonfarm
6 personal income" means the estimate of total nonfarm personal income
7 for Indiana in a calendar year as computed by the federal Bureau of
8 Economic Analysis using any actual data for the calendar year and any
9 estimated data determined appropriate by the federal Bureau of
10 Economic Analysis.
11 (b) Subject to subsection (c), for purposes of determining a civil
12 taxing unit's maximum permissible ad valorem property tax levy for an
13 ensuing calendar year, the civil taxing unit shall use the assessed value
14 growth quotient determined in the last STEP of the following STEPS:
15 STEP ONE: For each of the six (6) calendar years immediately
16 preceding the year in which a budget is adopted under
17 IC 6-1.1-17-5 for the ensuing calendar year, divide the Indiana
18 nonfarm personal income for the calendar year by the Indiana
19 nonfarm personal income for the calendar year immediately
20 preceding that calendar year, rounding to the nearest

- 1 one-thousandth (0.001).
- 2 STEP TWO: Determine the sum of the STEP ONE results.
- 3 STEP THREE: Divide the STEP TWO result by six (6), rounding
- 4 to the nearest one-thousandth (0.001).
- 5 STEP FOUR: Determine the lesser of the following:
- 6 (A) The STEP THREE quotient.
- 7 (B) One and six-hundredths (1.06).
- 8 (c) This subsection applies only to civil taxing units in Lake County.
- 9 Notwithstanding any other provision, for property taxes first due and
- 10 payable after December 31, ~~2007~~, **2013**, the assessed value growth
- 11 quotient used to determine a civil taxing unit's maximum permissible
- 12 ad valorem property tax levy under this chapter for a particular
- 13 calendar year is one (1) unless a **total aggregate** tax rate of one percent
- 14 (1%) will be in effect under ~~IC 6-3.5-1.1-26~~ **or IC 6-3.5-6-32 any**
- 15 **combination of IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7** in Lake
- 16 County for that calendar year."
- 17 Page 2, between lines 6 and 7, begin a new paragraph and insert:
- 18 "SECTION 3. IC 6-3.5-1.1-3.1, AS AMENDED BY P.L.137-2012,
- 19 SECTION 67, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 20 JULY 1, 2013]: Sec. 3.1. (a) **Except as provided in section 27 of this**
- 21 **chapter**, the county council may decrease the county adjusted gross
- 22 income tax rate imposed upon the resident county taxpayers of the
- 23 county. To decrease the rate, the county council must adopt an
- 24 ordinance. The ordinance must substantially state the following:
- 25 "The _____ County Council decreases the county adjusted
- 26 gross income tax rate imposed upon the resident county taxpayers
- 27 of the county from _____ percent (___%) to _____ percent
- 28 (___%)."
- 29 (b) A county council may not decrease the county adjusted gross
- 30 income tax rate if the county or any commission, board, department, or
- 31 authority that is authorized by statute to pledge the county adjusted
- 32 gross income tax has pledged the county adjusted gross income tax for
- 33 any purpose permitted by IC 5-1-14 or any other statute.
- 34 (c) The auditor of a county shall record all votes taken on
- 35 ordinances presented for a vote under the authority of this section and,
- 36 not more than ten (10) days after the vote, send a certified copy of the
- 37 results to the commissioner of the department, the director of the
- 38 budget agency, and the commissioner of the department of local

1 government finance by certified mail or in an electronic format
2 approved by the director of the budget agency.

3 (d) Notwithstanding IC 6-3.5-7, and except as provided in
4 subsection (e), a county council that decreases the county adjusted
5 gross income tax rate in a year may not in the same year adopt or
6 increase the county economic development income tax under
7 IC 6-3.5-7.

8 (e) This subsection applies only to LaPorte County. The county
9 council may adopt or increase the county economic development
10 income tax rate under IC 6-3.5-7 in the same year that the county
11 council decreases the county adjusted gross income tax rate if the
12 county economic development income tax rate plus the county adjusted
13 gross income tax rate in effect after the county council decreases the
14 county adjusted gross income tax rate is less than the county adjusted
15 gross income tax rate in effect before the adoption of an ordinance
16 under this section decreasing the rate of the county adjusted gross
17 income tax.

18 SECTION 4. IC 6-3.5-1.1-4, AS AMENDED BY P.L.137-2012,
19 SECTION 68, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
20 JULY 1, 2013]: Sec. 4. (a) The county adjusted gross income tax
21 imposed by a county council under this chapter remains in effect until
22 rescinded.

23 (b) Except as provided in subsection (d) **and section 27 of this**
24 **chapter**, the county council may rescind the county adjusted gross
25 income tax by adopting an ordinance to rescind the tax.

26 (c) The auditor of a county shall record all votes taken on
27 ordinances presented for a vote under the authority of this section and,
28 not more than ten (10) days after the vote, send a certified copy of the
29 results to the commissioner of the department, the director of the
30 budget agency, and the commissioner of the department of local
31 government finance by certified mail or in an electronic format
32 approved by the director of the budget agency.

33 (d) A county council may not rescind the county adjusted gross
34 income tax or take any action that would result in a civil taxing unit in
35 the county having a smaller certified share than the certified share to
36 which the civil taxing unit was entitled when the civil taxing unit
37 pledged county adjusted gross income tax if the civil taxing unit or any
38 commission, board, department, or authority that is authorized by

1 statute to pledge county adjusted gross income tax has pledged county
 2 adjusted gross income tax for any purpose permitted by IC 5-1-14 or
 3 any other statute. The prohibition in this section does not apply if the
 4 civil taxing unit pledges legally available revenues to fully replace the
 5 civil taxing unit's certified share that has been pledged.

6 SECTION 5. IC 6-3.5-1.1-24, AS AMENDED BY P.L.137-2012,
 7 SECTION 71, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 8 JULY 1, 2013]: Sec. 24. (a) **Except as provided in section 27 of this**
 9 **chapter**, in a county in which the county adjusted gross income tax is
 10 in effect, the county council may adopt an ordinance to impose or
 11 increase (as applicable) a tax rate under this section.

12 (b) In a county in which neither the county adjusted gross income
 13 tax nor the county option income tax is in effect, the county council
 14 may adopt an ordinance to impose a tax rate under this section.

15 (c) If a county council adopts an ordinance to impose or increase a
 16 tax rate under this section, not more than ten (10) days after the vote,
 17 the county auditor shall send a certified copy of the ordinance to the
 18 commissioner of the department, the director of the budget agency, and
 19 the commissioner of the department of local government finance by
 20 certified mail or in an electronic format approved by the director of the
 21 budget agency.

22 (d) A tax rate under this section is in addition to any other tax rates
 23 imposed under this chapter and does not affect the purposes for which
 24 other tax revenue under this chapter may be used.

25 (e) The following apply only in the year in which a county council
 26 first imposes a tax rate under this section:

27 (1) The county council shall, in the ordinance imposing the tax
 28 rate, specify the tax rate for each of the following two (2) years.

29 (2) The tax rate that must be imposed in the county in the first
 30 year is equal to the result of:

31 (A) the tax rate determined for the county under
 32 IC 6-3.5-1.5-1(a) in the year in which the tax rate is increased;
 33 multiplied by

34 (B) two (2).

35 **However, notwithstanding clauses (A) and (B) or subdivision**
 36 **(3), if a tax rate is imposed in Lake County under this section,**
 37 **the tax rate that must be imposed is equal to the tax rate**
 38 **determined for the county under IC 6-3.5-1.5-1(a).**

1 (3) The tax rate that must be imposed in the county in the second
2 year is the tax rate determined for the county under
3 IC 6-3.5-1.5-1(b). The tax rate under this subdivision continues
4 in effect in later years unless the tax rate is increased under this
5 section.

6 (4) The levy limitations in IC 6-1.1-18.5-3(b), IC 6-1.1-18.5-3(c),
7 IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its
8 repeal), and IC 12-29-2-2(c) apply to property taxes first due and
9 payable in the ensuing calendar year and to property taxes first
10 due and payable in the calendar year after the ensuing calendar
11 year.

12 (f) The following apply only in a year in which a county council
13 increases a tax rate under this section:

14 (1) The county council shall, in the ordinance increasing the tax
15 rate, specify the tax rate for the following year.

16 (2) The tax rate that must be imposed in the county is equal to the
17 result of:

18 (A) the tax rate determined for the county under
19 IC 6-3.5-1.5-1(a) in that year; plus

20 (B) the tax rate currently in effect in the county under this
21 section.

22 The tax rate under this subdivision continues in effect in later
23 years unless the tax rate is increased under this section.

24 (3) The levy limitations in IC 6-1.1-18.5-3(b), IC 6-1.1-18.5-3(c),
25 IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its
26 repeal), and IC 12-29-2-2(c) apply to property taxes first due and
27 payable in the ensuing calendar year.

28 (g) The department of local government finance shall determine the
29 following property tax replacement distribution amounts:

30 STEP ONE: Determine the sum of the amounts determined under
31 STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) for the
32 county in the preceding year.

33 STEP TWO: For distribution to each civil taxing unit that in the
34 year had a maximum permissible property tax levy limited under
35 IC 6-1.1-18.5-3(b), determine the result of:

36 (1) the quotient of:

37 (A) the part of the amount determined under STEP ONE of
38 IC 6-3.5-1.5-1(a) in the preceding year that was attributable

1 to the civil taxing unit; divided by
 2 (B) the STEP ONE amount; multiplied by
 3 (2) the tax revenue received by the county treasurer under this
 4 section.

5 STEP THREE: For distributions in 2009 and thereafter, the result
 6 of this STEP is zero (0). For distribution to the county for deposit
 7 in the county family and children's fund before 2009, determine
 8 the result of:

9 (1) the quotient of:
 10 (A) the amount determined under STEP TWO of
 11 IC 6-3.5-1.5-1(a) in the preceding year; divided by
 12 (B) the STEP ONE amount; multiplied by
 13 (2) the tax revenue received by the county treasurer under this
 14 section.

15 STEP FOUR: For distributions in 2009 and thereafter, the result
 16 of this STEP is zero (0). For distribution to the county for deposit
 17 in the county children's psychiatric residential treatment services
 18 fund before 2009, determine the result of:

19 (1) the quotient of:
 20 (A) the amount determined under STEP THREE of
 21 IC 6-3.5-1.5-1(a) in the preceding year; divided by
 22 (B) the STEP ONE amount; multiplied by
 23 (2) the tax revenue received by the county treasurer under this
 24 section.

25 STEP FIVE: For distribution to the county for community mental
 26 health center purposes, determine the result of:

27 (1) the quotient of:
 28 (A) the amount determined under STEP FOUR of
 29 IC 6-3.5-1.5-1(a) in the preceding year; divided by
 30 (B) the STEP ONE amount; multiplied by
 31 (2) the tax revenue received by the county treasurer under this
 32 section.

33 Except as provided in subsection (m), the county treasurer shall
 34 distribute the portion of the certified distribution that is attributable to
 35 a tax rate under this section as specified in this section. The county
 36 treasurer shall make the distributions under this subsection at the same
 37 time that distributions are made to civil taxing units under section 15
 38 of this chapter.

1 (h) Notwithstanding sections 3.1 and 4 of this chapter, a county
2 council may not decrease or rescind a tax rate imposed under this
3 chapter.

4 (i) **Except as provided in section 27 of this chapter**, the tax rate
5 under this section shall not be considered for purposes of computing:

6 (1) the maximum income tax rate that may be imposed in a county
7 under section 2 of this chapter or any other provision of this
8 chapter; or

9 (2) the maximum permissible property tax levy under
10 IC 6-1.1-18.5-3.

11 (j) The tax levy under this section shall not be considered for
12 purposes of the credit under IC 6-1.1-20.6.

13 (k) A distribution under this section shall be treated as a part of the
14 receiving civil taxing unit's property tax levy for that year for purposes
15 of fixing the budget of the civil taxing unit and for determining the
16 distribution of taxes that are distributed on the basis of property tax
17 levies.

18 (l) If a county council imposes a tax rate under this section, the
19 portion of county adjusted gross income tax revenue dedicated to
20 property tax replacement credits under section 11 of this chapter may
21 not be decreased.

22 (m) **This subsection does not apply to Lake County.** In the year
23 following the year in a which a county first imposes a tax rate under
24 this section, one-half (1/2) of the tax revenue that is attributable to the
25 tax rate under this section must be deposited in the county stabilization
26 fund established under subsection (o).

27 (n) A pledge of county adjusted gross income taxes does not apply
28 to revenue attributable to a tax rate under this section.

29 (o) **This subsection does not apply to Lake County.** A county
30 stabilization fund is established in each county that imposes a tax rate
31 under this section. The county stabilization fund shall be administered
32 by the county auditor. If for a year the certified distributions
33 attributable to a tax rate under this section exceed the amount
34 calculated under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a)
35 that is used by the department of local government finance and the
36 department of state revenue to determine the tax rate under this section,
37 the excess shall be deposited in the county stabilization fund. Money
38 shall be distributed from the county stabilization fund in a year by the

1 county auditor to political subdivisions entitled to a distribution of tax
2 revenue attributable to the tax rate under this section if:

3 (1) the certified distributions attributable to a tax rate under this
4 section are less than the amount calculated under STEP ONE
5 through STEP FOUR of IC 6-3.5-1.5-1(a) that is used by the
6 department of local government finance and the department of
7 state revenue to determine the tax rate under this section for a
8 year; or

9 (2) the certified distributions attributable to a tax rate under this
10 section in a year are less than the certified distributions
11 attributable to a tax rate under this section in the preceding year.

12 However, subdivision (2) does not apply to the year following the first
13 year in which certified distributions of revenue attributable to the tax
14 rate under this section are distributed to the county.

15 (p) Notwithstanding any other provision, a tax rate imposed under
16 this section may not exceed one percent (1%).

17 (q) A county council must each year hold at least one (1) public
18 meeting at which the county council discusses whether the tax rate
19 under this section should be imposed or increased.

20 (r) The department of local government finance and the department
21 of state revenue may take any actions necessary to carry out the
22 purposes of this section.

23 SECTION 6. IC 6-3.5-1.1-25, AS AMENDED BY P.L.132-2012,
24 SECTION 3, AND AS AMENDED BY P.L.137-2012, SECTION 72,
25 IS CORRECTED AND AMENDED TO READ AS FOLLOWS
26 [EFFECTIVE JULY 1, 2013]: Sec. 25. (a) As used in this section,
27 "public safety" refers to the following:

28 (1) A police and law enforcement system to preserve public peace
29 and order.

30 (2) A firefighting and fire prevention system.

31 (3) Emergency ambulance services (as defined in
32 IC 16-18-2-107).

33 (4) Emergency medical services (as defined in IC 16-18-2-110).

34 (5) Emergency action (as defined in IC 13-11-2-65).

35 (6) A probation department of a court.

36 (7) Confinement, supervision, services under a community
37 corrections program (as defined in IC 35-38-2.6-2), or other
38 correctional services for a person who has been:

- 1 (A) diverted before a final hearing or trial under an agreement
 2 that is between the county prosecuting attorney and the person
 3 or the person's custodian, guardian, or parent and that provides
 4 for confinement, supervision, community corrections services,
 5 or other correctional services instead of a final action
 6 described in clause (B) or (C);
 7 (B) convicted of a crime; or
 8 (C) adjudicated as a delinquent child or a child in need of
 9 services.
- 10 (8) A juvenile detention facility under IC 31-31-8.
 11 (9) A juvenile detention center under IC 31-31-9.
 12 (10) A county jail.
 13 (11) A communications system (as defined in IC 36-8-15-3), ~~or~~
 14 an enhanced emergency telephone system (as defined in
 15 IC 36-8-16-2 *(before its repeal on July 1, 2012)*), or the statewide
 16 911 system (as defined in IC 36-8-16.7-22).
 17 (12) Medical and health expenses for jail inmates and other
 18 confined persons.
 19 (13) Pension payments for any of the following:
 20 (A) A member of the fire department (as defined in
 21 IC 36-8-1-8) or any other employee of a fire department.
 22 (B) A member of the police department (as defined in
 23 IC 36-8-1-9), a police chief hired under a waiver under
 24 IC 36-8-4-6.5, or any other employee hired by a police
 25 department.
 26 (C) A county sheriff or any other member of the office of the
 27 county sheriff.
 28 (D) Other personnel employed to provide a service described
 29 in this section.
- 30 (b) If a county council has imposed a tax rate of at least twenty-five
 31 hundredths of one percent (0.25%) under section 24 of this chapter, a
 32 tax rate of at least twenty-five hundredths of one percent (0.25%) under
 33 section 26 of this chapter, or a total combined tax rate of at least
 34 twenty-five hundredths of one percent (0.25%) under sections 24 and
 35 26 of this chapter, the county council may also adopt an ordinance to
 36 impose an additional tax rate under this section to provide funding for
 37 public safety.
 38 (c) A tax rate under this section may not exceed twenty-five

1 hundredths of one percent (0.25%).

2 (d) If a county council adopts an ordinance to impose a tax rate
3 under this section, *not more than ten (10) days after the vote*, the
4 county auditor shall send a certified copy of the ordinance to the
5 *commissioner of the department, the director of the budget agency*, and
6 the *commissioner of the department of local government finance* by
7 certified mail *or in an electronic format approved by the director of the*
8 *budget agency*.

9 (e) A tax rate under this section is in addition to any other tax rates
10 imposed under this chapter and does not affect the purposes for which
11 other tax revenue under this chapter may be used.

12 (f) Except as provided in subsection (k) or (l), the county auditor
13 shall distribute the portion of the certified distribution that is
14 attributable to a tax rate under this section to the county and to each
15 municipality in the county that is carrying out or providing at least one
16 (1) of the public safety purposes described in subsection (a). The
17 amount that shall be distributed to the county or municipality is equal
18 to the result of:

19 (1) the portion of the certified distribution that is attributable to a
20 tax rate under this section; multiplied by

21 (2) a fraction equal to:

22 (A) the attributed allocation amount (as defined in
23 IC 6-3.5-1.1-15) of the county or municipality for the calendar
24 year; divided by

25 (B) the sum of the attributed allocation amounts of the county
26 and each municipality in the county that is entitled to a
27 distribution under this section for the calendar year.

28 The county auditor shall make the distributions required by this
29 subsection not more than thirty (30) days after receiving the portion of
30 the certified distribution that is attributable to a tax rate under this
31 section. Tax revenue distributed to a county or municipality under this
32 subsection must be deposited into a separate account or fund and may
33 be appropriated by the county or municipality only for public safety
34 purposes.

35 (g) The department of local government finance may not require a
36 county or municipality receiving tax revenue under this section to
37 reduce the county's or municipality's property tax levy for a particular
38 year on account of the county's or municipality's receipt of the tax

1 revenue.

2 (h) **Except as provided in section 27 of this chapter**, the tax rate
3 under this section and the tax revenue attributable to the tax rate under
4 this section shall not be considered for purposes of computing:

5 (1) the maximum income tax rate that may be imposed in a county
6 under section 2 of this chapter or any other provision of this
7 chapter;

8 (2) the maximum permissible property tax levy under
9 IC 6-1.1-18.5-3; or

10 (3) the credit under IC 6-1.1-20.6.

11 (i) **Except as provided in section 27 of this chapter**, the tax rate
12 under this section may be imposed or rescinded at the same time and
13 in the same manner that the county may impose or increase a tax rate
14 under section 24 of this chapter.

15 (j) The department of local government finance and the department
16 of state revenue may take any actions necessary to carry out the
17 purposes of this section.

18 (k) Two (2) or more political subdivisions that are entitled to receive
19 a distribution under this section may adopt resolutions providing that
20 some part or all of those distributions shall instead be paid to one (1)
21 political subdivision in the county to carry out specific public safety
22 purposes specified in the resolutions.

23 (l) A fire department, volunteer fire department, or emergency
24 medical services provider that:

25 (1) provides fire protection or emergency medical services within
26 the county; and

27 (2) is operated by or serves a political subdivision that is not
28 otherwise entitled to receive a distribution of tax revenue under
29 this section;

30 may before July 1 of a year apply to the county council for a
31 distribution of tax revenue under this section during the following
32 calendar year. The county council shall review an application
33 submitted under this subsection and may before September 1 of a year
34 adopt a resolution requiring that one (1) or more of the applicants shall
35 receive a specified amount of the tax revenue to be distributed under
36 this section during the following calendar year. A resolution approved
37 under this subsection providing for a distribution to one (1) or more fire
38 departments, volunteer fire departments, or emergency medical

1 services providers applies only to distributions in the following
2 calendar year. Any amount of tax revenue distributed under this
3 subsection to a fire department, volunteer fire department, or
4 emergency medical services provider shall be distributed before the
5 remainder of the tax revenue is distributed under subsection (f).

6 SECTION 7. IC 6-3.5-1.1-26, AS AMENDED BY P.L.137-2012,
7 SECTION 73, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
8 JULY 1, 2013]: Sec. 26. (a) A county council may impose a tax rate
9 under this section to provide property tax relief to taxpayers in the
10 county. A county council is not required to impose any other tax before
11 imposing a tax rate under this section.

12 (b) A tax rate under this section may be imposed in increments of
13 five hundredths of one percent (0.05%) determined by the county
14 council. A tax rate under this section may not exceed one percent (1%).

15 (c) A tax rate under this section is in addition to any other tax rates
16 imposed under this chapter and does not affect the purposes for which
17 other tax revenue under this chapter may be used.

18 (d) If a county council adopts an ordinance to impose or increase a
19 tax rate under this section, not more than ten (10) days after the vote,
20 the county auditor shall send a certified copy of the ordinance to the
21 commissioner of the department, the director of the budget agency, and
22 the commissioner of the department of local government finance by
23 certified mail or in an electronic format approved by the director of the
24 budget agency.

25 (e) **Except as provided in section 27 of this chapter**, a tax rate
26 under this section may be imposed, increased, decreased, or rescinded
27 by a county council at the same time and in the same manner that the
28 county council may impose or increase a tax rate under section 24 of
29 this chapter.

30 (f) Tax revenue attributable to a tax rate under this section may be
31 used for any combination of the following purposes, as specified by
32 ordinance of the county council:

33 (1) Except as provided in subsection (j), the tax revenue may be
34 used to provide local property tax replacement credits at a
35 uniform rate to all taxpayers in the county. The local property tax
36 replacement credits shall be treated for all purposes as property
37 tax levies. The county auditor shall determine the local property
38 tax replacement credit percentage for a particular year based on

1 the amount of tax revenue that will be used under this subdivision
2 to provide local property tax replacement credits in that year. A
3 county council may not adopt an ordinance determining that tax
4 revenue shall be used under this subdivision to provide local
5 property tax replacement credits at a uniform rate to all taxpayers
6 in the county unless the county council has done the following:

7 (A) Made available to the public the county council's best
8 estimate of the amount of property tax replacement credits to
9 be provided under this subdivision to homesteads, other
10 residential property, commercial property, industrial property,
11 and agricultural property.

12 (B) Adopted a resolution or other statement acknowledging
13 that some taxpayers in the county that do not pay the tax rate
14 under this section will receive a property tax replacement
15 credit that is funded with tax revenue from the tax rate under
16 this section.

17 (2) The tax revenue may be used to uniformly provide the
18 homestead credit percentage in the county. The homestead credits
19 shall be treated for all purposes as property tax levies. The
20 homestead credits do not reduce the basis for determining any
21 state homestead credit. The homestead credits shall be applied to
22 the net property taxes due on the homestead after the application
23 of all other assessed value deductions or property tax deductions
24 and credits that apply to the amount owed under IC 6-1.1. The
25 county auditor shall determine the homestead credit percentage
26 for a particular year based on the amount of tax revenue that will
27 be used under this subdivision to provide homestead credits in
28 that year.

29 (3) The tax revenue may be used to provide local property tax
30 replacement credits at a uniform rate for all qualified residential
31 property (as defined in IC 6-1.1-20.6-4 before January 1, 2009,
32 and as defined in section 1 of this chapter after December 31,
33 2008) in the county. The local property tax replacement credits
34 shall be treated for all purposes as property tax levies. The county
35 auditor shall determine the local property tax replacement credit
36 percentage for a particular year based on the amount of tax
37 revenue that will be used under this subdivision to provide local
38 property tax replacement credits in that year.

1 (4) This subdivision applies only to Lake County. The Lake
2 County council may adopt an ordinance providing that the tax
3 revenue from the tax rate under this section is used for any of the
4 following:

5 (A) To reduce all property tax levies imposed by the county by
6 the granting of property tax replacement credits against those
7 property tax levies.

8 (B) To provide local property tax replacement credits in Lake
9 County in the following manner:

10 (i) The tax revenue under this section that is collected from
11 taxpayers within a particular municipality in Lake County
12 (as determined by the department based on the department's
13 best estimate) shall be used only to provide a local property
14 tax credit against property taxes imposed by that
15 municipality.

16 (ii) The tax revenue under this section that is collected from
17 taxpayers within the unincorporated area of Lake County (as
18 determined by the department) shall be used only to provide
19 a local property tax credit against property taxes imposed by
20 the county. The local property tax credit for the
21 unincorporated area of Lake County shall be available only
22 to those taxpayers within the unincorporated area of the
23 county.

24 (C) To provide property tax credits in the following manner:

25 (i) Sixty percent (60%) of the tax revenue under this section
26 shall be used as provided in clause (B).

27 (ii) Forty percent (40%) of the tax revenue under this section
28 shall be used to provide property tax replacement credits
29 against property tax levies of the county and each township
30 and municipality in the county. The percentage of the tax
31 revenue distributed under this item that shall be used as
32 credits against the county's levies or against a particular
33 township's or municipality's levies is equal to the percentage
34 determined by dividing the population of the county,
35 township, or municipality by the sum of the total population
36 of the county, each township in the county, and each
37 municipality in the county.

38 The Lake County council shall determine whether the credits

1 under clause (A), (B), or (C) shall be provided to homesteads, to
 2 all qualified residential property, or to all taxpayers. The
 3 department of local government finance, with the assistance of the
 4 budget agency, shall certify to the county auditor and the fiscal
 5 body of the county and each township and municipality in the
 6 county the amount of property tax credits under this subdivision.
 7 Except as provided in subsection (g), the tax revenue under this
 8 section that is used to provide credits under this subdivision shall
 9 be treated for all purposes as property tax levies.

10 The county council may adopt an ordinance changing the purposes for
 11 which tax revenue attributable to a tax rate under this section shall be
 12 used in the following year.

13 (g) **Except as provided in section 27 of this chapter**, the tax rate
 14 under this section and the tax revenue attributable to the tax rate under
 15 this section shall not be considered for purposes of computing:

- 16 (1) the maximum income tax rate that may be imposed in a county
 17 under section 2 of this chapter or any other provision of this
 18 chapter;
- 19 (2) the maximum permissible property tax levy under
 20 IC 6-1.1-18.5-3; or
- 21 (3) the credit under IC 6-1.1-20.6.

22 (h) Tax revenue under this section shall be treated as a part of the
 23 receiving civil taxing unit's or school corporation's property tax levy for
 24 that year for purposes of fixing the budget of the civil taxing unit or
 25 school corporation and for determining the distribution of taxes that are
 26 distributed on the basis of property tax levies. To the extent the county
 27 auditor determines that there is income tax revenue remaining from the
 28 tax under this section after providing the property tax replacement
 29 credits, the excess shall be credited to a dedicated county account and
 30 may be used only for property tax replacement credits under this
 31 section in subsequent years.

32 (i) The department of local government finance and the department
 33 of state revenue may take any actions necessary to carry out the
 34 purposes of this section.

35 (j) A taxpayer that owns an industrial plant located in Jasper County
 36 is ineligible for a local property tax replacement credit under this
 37 section against the property taxes due on the industrial plant if the
 38 assessed value of the industrial plant as of March 1, 2006, exceeds

1 twenty percent (20%) of the total assessed value of all taxable property
 2 in the county on that date. The general assembly finds that the
 3 provisions of this subsection are necessary because the industrial plant
 4 represents such a large percentage of Jasper County's assessed
 5 valuation.

6 SECTION 8. IC 6-3.5-1.1-27 IS ADDED TO THE INDIANA
 7 CODE AS A **NEW SECTION** TO READ AS FOLLOWS
 8 [EFFECTIVE JULY 1, 2013]: **Sec. 27. (a) Notwithstanding any other**
 9 **law, if the county adjusted gross income tax (including any county**
 10 **adjusted gross income tax rate imposed under section 24, 25, or 26**
 11 **of this chapter) is imposed in Lake County, the initial total county**
 12 **adjusted gross income tax rate imposed under this chapter may not**
 13 **be increased, decreased, or rescinded.**

14 **(b) Notwithstanding any other law, the total county adjusted**
 15 **gross income tax rate (including any county adjusted gross income**
 16 **tax rate imposed under section 24, 25, or 26 of this chapter)**
 17 **imposed in Lake County plus the total county economic**
 18 **development income tax rate imposed in Lake County under**
 19 **IC 6-3.5-7 may not exceed one percent (1%).**

20 SECTION 9. IC 6-3.5-6-2, AS AMENDED BY P.L.77-2011,
 21 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 22 JULY 1, 2013]: Sec. 2. (a) A county income tax council is established
 23 for each county in Indiana. The membership of each county's county
 24 income tax council consists of the fiscal body of the county and the
 25 fiscal body of each city or town that lies either partially or entirely
 26 within that county.

27 (b) Using procedures described in this chapter, a county income tax
 28 council may, **except as provided in section 34 of this chapter**, adopt
 29 ordinances to:

- 30 (1) impose the county option income tax in its county;
- 31 (2) subject to section 12 of this chapter, rescind the county option
 32 income tax in its county;
- 33 (3) increase the county option income tax rate for the county;
- 34 (4) freeze the county option income tax rate for its county;
- 35 (5) increase the homestead credit in its county; or
- 36 (6) subject to section 12.5 of this chapter, decrease the county
 37 option income tax rate for the county.

38 SECTION 10. IC 6-3.5-6-8, AS AMENDED BY P.L.137-2012,

1 SECTION 77, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 JULY 1, 2013]: Sec. 8. (a) The county income tax council of any
3 county in which the county adjusted gross income tax will not be in
4 effect on December 1 of a year under an ordinance adopted during a
5 previous calendar year may impose the county option income tax on the
6 adjusted gross income of county taxpayers of its county.

7 (b) Except as provided in **subsection (g) and** sections 30, 31, and
8 32 of this chapter, the county option income tax may initially be
9 imposed at a rate of two-tenths of one percent (0.2%) on the resident
10 county taxpayers of the county and at a rate of five-hundredths of one
11 percent (0.05%) for all other county taxpayers.

12 (c) To impose the county option income tax, a county income tax
13 council must pass an ordinance. The ordinance must substantially state
14 the following:

15 "The _____ County Income Tax Council imposes the
16 county option income tax on the county taxpayers of
17 _____ County. The county option income tax is
18 imposed at a rate of two-tenths of one percent (0.2%) on the
19 resident county taxpayers of the county and at a rate of
20 five-hundredths of one percent (0.05%) on all other county
21 taxpayers."

22 (d) Except as provided in **subsection (g) and** sections 30, 31, and
23 32 of this chapter, if the county option income tax is imposed on the
24 county taxpayers of a county, then the county option income tax rate
25 that is in effect for resident county taxpayers of that county increases
26 by one-tenth of one percent (0.1%) on each succeeding October 1 until
27 the rate equals six-tenths of one percent (0.6%).

28 (e) The county option income tax rate in effect for the county
29 taxpayers of a county who are not resident county taxpayers of that
30 county is at all times one-fourth (1/4) of the tax rate imposed upon
31 resident county taxpayers.

32 (f) The auditor of a county shall record all votes taken on ordinances
33 presented for a vote under this section and, not more than ten (10) days
34 after the vote, send a certified copy of the results to the commissioner
35 of the department, the director of the budget agency, and the
36 commissioner of the department of local government finance by
37 certified mail or in an electronic format approved by the director of the
38 budget agency.

1 **(g) If the county option income tax is imposed in Lake County,**
 2 **the total county option income tax rate (including any county**
 3 **option income tax rate imposed under section 30, 31, or 32 of this**
 4 **chapter) may initially be imposed at any rate that does not exceed**
 5 **seventy-five hundredths percent (0.75%). As provided in section 34**
 6 **of this chapter, if the county option income tax (including any**
 7 **county option income tax rate imposed under section 30, 31, or 32**
 8 **of this chapter) is imposed in Lake County, the initial total county**
 9 **option income tax rate imposed under this chapter may not be**
 10 **increased, decreased, or rescinded.**

11 SECTION 11. IC 6-3.5-6-9, AS AMENDED BY P.L.137-2012,
 12 SECTION 78, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 13 JULY 1, 2013]: Sec. 9. (a) **This section does not apply to Lake**
 14 **County.** If on January 1 of a calendar year the county option income
 15 tax rate in effect for resident county taxpayers equals six tenths of one
 16 percent (0.6%), excluding a tax rate imposed under section 30, 31, or
 17 32 of this chapter, the county income tax council of that county may
 18 pass an ordinance to increase its tax rate for resident county taxpayers.
 19 If a county income tax council passes an ordinance under this section,
 20 its county option income tax rate for resident county taxpayers
 21 increases by one-tenth of one percent (0.1%) in the year in which the
 22 ordinance is adopted, as provided in section 1.5 of this chapter, and on
 23 each succeeding October 1 until its rate reaches a maximum of one
 24 percent (1%), excluding a tax rate imposed under section 30, 31, or 32
 25 of this chapter.

26 (b) The auditor of the county shall record any vote taken on an
 27 ordinance proposed under the authority of this section and, not more
 28 than ten (10) days after the vote, send a certified copy of the results to
 29 the commissioner of the department, the director of the budget agency,
 30 and the commissioner of the department of local government finance
 31 by certified mail or in an electronic format approved by the director of
 32 the budget agency.

33 SECTION 12. IC 6-3.5-6-11, AS AMENDED BY P.L.137-2012,
 34 SECTION 79, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 35 JULY 1, 2013]: Sec. 11. (a) This section does not apply to a tax rate
 36 imposed under section 30 of this chapter. **This section does not apply**
 37 **to Lake County.**

38 (b) The county income tax council of any county may adopt an

1 ordinance to permanently freeze the county option income tax rates at
2 the rate in effect for its county on December 1 of a year.

3 (c) To freeze the county option income tax rates, a county income
4 tax council must adopt an ordinance. The ordinance must substantially
5 state the following:

6 "The _____ County Income Tax Council permanently
7 freezes the county option income tax rates at the rate in effect on
8 December 1 of the current year."

9 (d) An ordinance adopted under the authority of this section remains
10 in effect until rescinded.

11 (e) If a county income tax council rescinds an ordinance as adopted
12 under this section, the county option income tax rate shall
13 automatically increase by one-tenth of one percent (0.1%) until:

14 (1) the tax rate is again frozen under another ordinance adopted
15 under this section; or

16 (2) the tax rate equals six-tenths of one percent (0.6%) (if the
17 frozen tax rate equaled an amount less than six-tenths of one
18 percent (0.6%)) or one percent (1%) (if the frozen tax rate equaled
19 an amount in excess of six-tenths of one percent (0.6%)).

20 (f) The county auditor shall record any vote taken on an ordinance
21 proposed under the authority of this section and, not more than ten (10)
22 days after the vote, send a certified copy of the results to the
23 commissioner of the department, the director of the budget agency, and
24 the commissioner of the department of local government finance by
25 certified mail or in an electronic format approved by the director of the
26 budget agency.

27 SECTION 13. IC 6-3.5-6-12, AS AMENDED BY P.L.137-2012,
28 SECTION 80, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
29 JULY 1, 2013]: Sec. 12. (a) The county option income tax imposed by
30 a county income tax council under this chapter remains in effect until
31 rescinded.

32 (b) Subject to subsection (c) **and except as provided in section 34**
33 **of this chapter**, the county income tax council of a county may rescind
34 the county option income tax by passing an ordinance.

35 (c) A county income tax council may not rescind the county option
36 income tax or take any action that would result in a civil taxing unit in
37 the county having a smaller distributive share than the distributive
38 share to which it was entitled when it pledged county option income

1 tax, if the civil taxing unit or any commission, board, department, or
2 authority that is authorized by statute to pledge county option income
3 tax, has pledged county option income tax for any purpose permitted
4 by IC 5-1-14 or any other statute.

5 (d) The auditor of a county shall record all votes taken on a
6 proposed ordinance presented for a vote under the authority of this
7 section and, not more than ten (10) days after the vote, send a certified
8 copy of the results to the commissioner of the department, the director
9 of the budget agency, and the commissioner of the department of local
10 government finance by certified mail or in an electronic format
11 approved by the director of the budget agency.

12 SECTION 14. IC 6-3.5-6-12.5, AS AMENDED BY P.L.137-2012,
13 SECTION 81, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
14 JULY 1, 2013]: Sec. 12.5. (a) **Except as provided in section 34 of this**
15 **chapter**, the county income tax council may adopt an ordinance to
16 decrease the county option income tax rate in effect.

17 (b) To decrease the county option income tax rate, the county
18 income tax council must adopt an ordinance. The ordinance must
19 substantially state the following:

20 "The _____ County Income Tax Council decreases the
21 county option income tax rate from _____ percent (___ %)
22 to _____ percent (___ %)."

23 (c) A county income tax council may not decrease the county option
24 income tax if the county or any commission, board, department, or
25 authority that is authorized by statute to pledge the county option
26 income tax has pledged the county option income tax for any purpose
27 permitted by IC 5-1-14 or any other statute.

28 (d) The county auditor shall record the votes taken on an ordinance
29 under this subsection and, not more than ten (10) days after the vote,
30 shall send a certified copy of the ordinance to the commissioner of the
31 department, the director of the budget agency, and the commissioner
32 of the department of local government finance by certified mail or in
33 an electronic format approved by the director of the budget agency.

34 (e) Notwithstanding IC 6-3.5-7, a county income tax council that
35 decreases the county option income tax in a year may not in the same
36 year adopt or increase the county economic development income tax
37 under IC 6-3.5-7.

38 SECTION 15. IC 6-3.5-6-13, AS AMENDED BY P.L.77-2011,

1 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 JULY 1, 2013]: Sec. 13. (a) A county income tax council of a county
3 in which the county option income tax is in effect may adopt an
4 ordinance to provide a homestead credit for homesteads in its county.

5 (b) A county income tax council may not provide a homestead credit
6 percentage that exceeds the amount determined in the last STEP of the
7 following formula:

8 STEP ONE: Determine the amount of the sum of all property tax
9 levies for all taxing units in a county which are to be paid in the
10 county in 2003 as reflected by the auditor's abstract for the 2002
11 assessment year, adjusted, however, for any postabstract
12 adjustments which change the amount of the levies.

13 STEP TWO: Determine the amount of the county's estimated
14 property tax replacement under IC 6-1.1-21-3(a) (before its
15 repeal) for property taxes first due and payable in 2003.

16 STEP THREE: Subtract the STEP TWO amount from the STEP
17 ONE amount.

18 STEP FOUR: Determine the amount of the county's total county
19 levy (as defined in IC 6-1.1-21-2(g) before its repeal) for property
20 taxes first due and payable in 2003.

21 STEP FIVE: Subtract the STEP FOUR amount from the STEP
22 ONE amount.

23 STEP SIX: Subtract the STEP FIVE result from the STEP THREE
24 result.

25 STEP SEVEN: Divide the STEP THREE result by the STEP SIX
26 result.

27 STEP EIGHT: Multiply the STEP SEVEN result by
28 eight-hundredths (0.08).

29 STEP NINE: Round the STEP EIGHT product to the nearest
30 one-thousandth (0.001) and express the result as a percentage.

31 (c) The homestead credit percentage must be uniform for all
32 homesteads in a county.

33 (d) In the ordinance that establishes the homestead credit
34 percentage, a county income tax council may, **except as provided in**
35 **section 34 of this chapter**, provide for a series of increases or
36 decreases to take place for each of a group of succeeding calendar
37 years.

38 (e) Any ordinance adopted under this section for a county is

1 repealed for a year if on January 1 of that year the county option
2 income tax is not in effect.

3 SECTION 16. IC 6-3.5-6-30, AS AMENDED BY P.L.137-2012,
4 SECTION 85, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
5 JULY 1, 2013]: Sec. 30. (a) **Except as provided in section 34 of this**
6 **chapter**, in a county in which the county option income tax is in effect,
7 the county income tax council may adopt an ordinance to impose or
8 increase (as applicable) a tax rate under this section.

9 (b) In a county in which neither the county option adjusted gross
10 income tax nor the county option income tax is in effect, the county
11 income tax council may adopt an ordinance to impose a tax rate under
12 this section.

13 (c) If a county income tax council adopts an ordinance to impose or
14 increase a tax rate under this section, not more than ten (10) days after
15 the vote, the county auditor shall send a certified copy of the ordinance
16 to the commissioner of the department, the director of the budget
17 agency, and the commissioner of the department of local government
18 finance by certified mail or in an electronic format approved by the
19 director of the budget agency.

20 (d) A tax rate under this section is in addition to any other tax rates
21 imposed under this chapter and does not affect the purposes for which
22 other tax revenue under this chapter may be used.

23 (e) The following apply only in the year in which a county income
24 tax council first imposes a tax rate under this section:

25 (1) The county income tax council shall, in the ordinance
26 imposing the tax rate, specify the tax rate for each of the
27 following two (2) years.

28 (2) The tax rate that must be imposed in the county in the first
29 year is equal to the result of:

30 (A) the tax rate determined for the county under
31 IC 6-3.5-1.5-1(a) in that year; multiplied by

32 (B) the following:

33 (i) In a county containing a consolidated city, one and
34 five-tenths (1.5).

35 (ii) In a county other than a county containing a consolidated
36 city, two (2).

37 **However, notwithstanding clauses (A) and (B) or subdivision**
38 **(3), if a tax rate is imposed in Lake County under this section,**

- 1 **the tax rate that must be imposed is equal to the tax rate**
 2 **determined for the county under IC 6-3.5-1.5-1(a).**
 3 (3) The tax rate that must be imposed in the county in the second
 4 year is the tax rate determined for the county under
 5 IC 6-3.5-1.5-1(b). The tax rate under this subdivision continues
 6 in effect in later years unless the tax rate is increased under this
 7 section.
 8 (4) The levy limitations in IC 6-1.1-18.5-3(b), IC 6-1.1-18.5-3(c),
 9 IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its
 10 repeal), and IC 12-29-2-2(c) apply to property taxes first due and
 11 payable in the ensuing calendar year and to property taxes first
 12 due and payable in the calendar year after the ensuing calendar
 13 year.
 14 (f) The following apply only in a year in which a county income tax
 15 council increases a tax rate under this section:
 16 (1) The county income tax council shall, in the ordinance
 17 increasing the tax rate, specify the tax rate for the following year.
 18 (2) The tax rate that must be imposed in the county is equal to the
 19 result of:
 20 (A) the tax rate determined for the county under
 21 IC 6-3.5-1.5-1(a) in the year the tax rate is increased; plus
 22 (B) the tax rate currently in effect in the county under this
 23 section.
 24 The tax rate under this subdivision continues in effect in later
 25 years unless the tax rate is increased under this section.
 26 (3) The levy limitations in IC 6-1.1-18.5-3(b), IC 6-1.1-18.5-3(c),
 27 IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its
 28 repeal), and IC 12-29-2-2(c) apply to property taxes first due and
 29 payable in the ensuing calendar year.
 30 (g) The department of local government finance shall determine the
 31 following property tax replacement distribution amounts:
 32 STEP ONE: Determine the sum of the amounts determined under
 33 STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) for the
 34 county in the preceding year.
 35 STEP TWO: For distribution to each civil taxing unit that in the
 36 year had a maximum permissible property tax levy limited under
 37 IC 6-1.1-18.5-3(b), determine the result of:
 38 (1) the quotient of:

1 (A) the part of the amount determined under STEP ONE of
 2 IC 6-3.5-1.5-1(a) in the preceding year that was attributable
 3 to the civil taxing unit; divided by
 4 (B) the STEP ONE amount; multiplied by
 5 (2) the tax revenue received by the county treasurer under this
 6 section.

7 STEP THREE: For distributions in 2009 and thereafter, the result
 8 of this STEP is zero (0). For distribution to the county for deposit
 9 in the county family and children's fund before 2009, determine
 10 the result of:

11 (1) the quotient of:
 12 (A) the amount determined under STEP TWO of
 13 IC 6-3.5-1.5-1(a) in the preceding year; divided by
 14 (B) the STEP ONE amount; multiplied by
 15 (2) the tax revenue received by the county treasurer under this
 16 section.

17 STEP FOUR: For distributions in 2009 and thereafter, the result
 18 of this STEP is zero (0). For distribution to the county for deposit
 19 in the county children's psychiatric residential treatment services
 20 fund before 2009, determine the result of:

21 (1) the quotient of:
 22 (A) the amount determined under STEP THREE of
 23 IC 6-3.5-1.5-1(a) in the preceding year; divided by
 24 (B) the STEP ONE amount; multiplied by
 25 (2) the tax revenue received by the county treasurer under this
 26 section.

27 STEP FIVE: For distribution to the county for community mental
 28 health center purposes, determine the result of:

29 (1) the quotient of:
 30 (A) the amount determined under STEP FOUR of
 31 IC 6-3.5-1.5-1(a) in the preceding year; divided by
 32 (B) the STEP ONE amount; multiplied by
 33 (2) the tax revenue received by the county treasurer under this
 34 section.

35 Except as provided in subsection (m), the county treasurer shall
 36 distribute the portion of the certified distribution that is attributable to
 37 a tax rate under this section as specified in this section. The county
 38 treasurer shall make the distributions under this subsection at the same

1 time that distributions are made to civil taxing units under section 18
2 of this chapter.

3 (h) Notwithstanding sections 12 and 12.5 of this chapter, a county
4 income tax council may not decrease or rescind a tax rate imposed
5 under this section.

6 (i) **Except as provided in section 34 of this chapter**, the tax rate
7 under this section shall not be considered for purposes of computing:

8 (1) the maximum income tax rate that may be imposed in a county
9 under section 8 or 9 of this chapter or any other provision of this
10 chapter; or

11 (2) the maximum permissible property tax levy under
12 IC 6-1.1-18.5-3.

13 (j) The tax levy under this section shall not be considered for
14 purposes of the credit under IC 6-1.1-20.6.

15 (k) A distribution under this section shall be treated as a part of the
16 receiving civil taxing unit's property tax levy for that year for purposes
17 of fixing its budget and for determining the distribution of taxes that
18 are distributed on the basis of property tax levies.

19 (l) If a county income tax council imposes a tax rate under this
20 section, the county option income tax rate dedicated to locally funded
21 homestead credits in the county may not be decreased.

22 (m) **This subsection does not apply to Lake County.** In the year
23 following the year in which a county first imposes a tax rate under this
24 section:

25 (1) one-third (1/3) of the tax revenue that is attributable to the tax
26 rate under this section must be deposited in the county
27 stabilization fund established under subsection (o), in the case of
28 a county containing a consolidated city; and

29 (2) one-half (1/2) of the tax revenue that is attributable to the tax
30 rate under this section must be deposited in the county
31 stabilization fund established under subsection (o), in the case of
32 a county not containing a consolidated city.

33 (n) A pledge of county option income taxes does not apply to
34 revenue attributable to a tax rate under this section.

35 (o) **This subsection does not apply to Lake County.** A county
36 stabilization fund is established in each county that imposes a tax rate
37 under this section. The county stabilization fund shall be administered
38 by the county auditor. If for a year the certified distributions

1 attributable to a tax rate under this section exceed the amount
2 calculated under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a)
3 that is used by the department of local government finance and the
4 department of state revenue to determine the tax rate under this section,
5 the excess shall be deposited in the county stabilization fund. Money
6 shall be distributed from the county stabilization fund in a year by the
7 county auditor to political subdivisions entitled to a distribution of tax
8 revenue attributable to the tax rate under this section if:

9 (1) the certified distributions attributable to a tax rate under this
10 section are less than the amount calculated under STEP ONE
11 through STEP FOUR of IC 6-3.5-1.5-1(a) that is used by the
12 department of local government finance and the department of
13 state revenue to determine the tax rate under this section for a
14 year; or

15 (2) the certified distributions attributable to a tax rate under this
16 section in a year are less than the certified distributions
17 attributable to a tax rate under this section in the preceding year.

18 However, subdivision (2) does not apply to the year following the first
19 year in which certified distributions of revenue attributable to the tax
20 rate under this section are distributed to the county.

21 (p) Notwithstanding any other provision, a tax rate imposed under
22 this section may not exceed one percent (1%).

23 (q) A county income tax council must each year hold at least one (1)
24 public meeting at which the county council discusses whether the tax
25 rate under this section should be imposed or increased.

26 (r) The department of local government finance and the department
27 of state revenue may take any actions necessary to carry out the
28 purposes of this section.

29 (s) Notwithstanding any other provision, in Lake County the county
30 council (and not the county income tax council) is the entity authorized
31 to take actions concerning the additional tax rate under this section.

32 SECTION 17. IC 6-3.5-6-31, AS AMENDED BY P.L.132-2012,
33 SECTION 4, AND AS AMENDED BY P.L.137-2012, SECTION 86,
34 IS CORRECTED AND AMENDED TO READ AS FOLLOWS
35 [EFFECTIVE JULY 1, 2013]: Sec. 31. (a) As used in this section,
36 "public safety" refers to the following:

37 (1) A police and law enforcement system to preserve public peace
38 and order.

- 1 (2) A firefighting and fire prevention system.
- 2 (3) Emergency ambulance services (as defined in
- 3 IC 16-18-2-107).
- 4 (4) Emergency medical services (as defined in IC 16-18-2-110).
- 5 (5) Emergency action (as defined in IC 13-11-2-65).
- 6 (6) A probation department of a court.
- 7 (7) Confinement, supervision, services under a community
- 8 corrections program (as defined in IC 35-38-2.6-2), or other
- 9 correctional services for a person who has been:
 - 10 (A) diverted before a final hearing or trial under an agreement
 - 11 that is between the county prosecuting attorney and the person
 - 12 or the person's custodian, guardian, or parent and that provides
 - 13 for confinement, supervision, community corrections services,
 - 14 or other correctional services instead of a final action
 - 15 described in clause (B) or (C);
 - 16 (B) convicted of a crime; or
 - 17 (C) adjudicated as a delinquent child or a child in need of
 - 18 services.
- 19 (8) A juvenile detention facility under IC 31-31-8.
- 20 (9) A juvenile detention center under IC 31-31-9.
- 21 (10) A county jail.
- 22 (11) A communications system (as defined in IC 36-8-15-3), ~~or~~ an
- 23 enhanced emergency telephone system (as defined in
- 24 IC 36-8-16-2 *(before its repeal on July 1, 2012)*), or the statewide
- 25 911 system (as defined in IC 36-8-16.7-22).
- 26 (12) Medical and health expenses for jail inmates and other
- 27 confined persons.
- 28 (13) Pension payments for any of the following:
 - 29 (A) A member of the fire department (as defined in
 - 30 IC 36-8-1-8) or any other employee of a fire department.
 - 31 (B) A member of the police department (as defined in
 - 32 IC 36-8-1-9), a police chief hired under a waiver under
 - 33 IC 36-8-4-6.5, or any other employee hired by a police
 - 34 department.
 - 35 (C) A county sheriff or any other member of the office of the
 - 36 county sheriff.
 - 37 (D) Other personnel employed to provide a service described
 - 38 in this section.

1 (b) The county income tax council may adopt an ordinance to
2 impose an additional tax rate under this section to provide funding for
3 public safety if:

4 (1) the county income tax council has imposed a tax rate under
5 section 30 of this chapter, in the case of a county containing a
6 consolidated city; or

7 (2) the county income tax council has imposed a tax rate of at
8 least twenty-five hundredths of one percent (0.25%) under section
9 30 of this chapter, a tax rate of at least twenty-five hundredths of
10 one percent (0.25%) under section 32 of this chapter, or a total
11 combined tax rate of at least twenty-five hundredths of one
12 percent (0.25%) under sections 30 and 32 of this chapter, in the
13 case of a county other than a county containing a consolidated
14 city.

15 (c) A tax rate under this section may not exceed the following:

16 (1) Five-tenths of one percent (0.5%), in the case of a county
17 containing a consolidated city.

18 (2) Twenty-five hundredths of one percent (0.25%), in the case of
19 a county other than a county containing a consolidated city.

20 (d) If a county income tax council adopts an ordinance to impose a
21 tax rate under this section, *not more than ten (10) days after the vote*,
22 the county auditor shall send a certified copy of the ordinance to the
23 *commissioner of the department, the director of the budget agency*, and
24 the *commissioner of the department of local government finance* by
25 certified mail *or in an electronic format approved by the director of the*
26 *budget agency*.

27 (e) A tax rate under this section is in addition to any other tax rates
28 imposed under this chapter and does not affect the purposes for which
29 other tax revenue under this chapter may be used.

30 (f) Except as provided in subsections (l) and (m), the county auditor
31 shall distribute the portion of the certified distribution that is
32 attributable to a tax rate under this section to the county and to each
33 municipality in the county that is carrying out or providing at least one
34 (1) of the public safety purposes described in subsection (a). The
35 amount that shall be distributed to the county or municipality is equal
36 to the result of:

37 (1) the portion of the certified distribution that is attributable to a
38 tax rate under this section; multiplied by

- 1 (2) a fraction equal to:
- 2 (A) the total property taxes being collected in the county by
- 3 the county or municipality for the calendar year; divided by
- 4 (B) the sum of the total property taxes being collected in the
- 5 county by the county and each municipality in the county that
- 6 is entitled to a distribution under this section for the calendar
- 7 year.

8 The county auditor shall make the distributions required by this
 9 subsection not more than thirty (30) days after receiving the portion of
 10 the certified distribution that is attributable to a tax rate under this
 11 section. Tax revenue distributed to a county or municipality under this
 12 subsection must be deposited into a separate account or fund and may
 13 be appropriated by the county or municipality only for public safety
 14 purposes.

15 (g) The department of local government finance may not require a
 16 county or municipality receiving tax revenue under this section to
 17 reduce the county's or municipality's property tax levy for a particular
 18 year on account of the county's or municipality's receipt of the tax
 19 revenue.

20 (h) **Except as provided in section 34 of this chapter,** the tax rate
 21 under this section and the tax revenue attributable to the tax rate under
 22 this section shall not be considered for purposes of computing:

- 23 (1) the maximum income tax rate that may be imposed in a county
- 24 under section 8 or 9 of this chapter or any other provision of this
- 25 chapter;
- 26 (2) the maximum permissible property tax levy under
- 27 IC 6-1.1-18.5-3; or
- 28 (3) the credit under IC 6-1.1-20.6.

29 (i) **Except as provided in section 34 of this chapter,** the tax rate
 30 under this section may be imposed or rescinded at the same time and
 31 in the same manner that the county may impose or increase a tax rate
 32 under section 30 of this chapter.

33 (j) The department of local government finance and the department
 34 of state revenue may take any actions necessary to carry out the
 35 purposes of this section.

36 (k) Notwithstanding any other provision, in Lake County the county
 37 council (and not the county income tax council) is the entity authorized
 38 to take actions concerning the additional tax rate under this section.

1 (l) Two (2) or more political subdivisions that are entitled to receive
2 a distribution under this section may adopt resolutions providing that
3 some part or all of those distributions shall instead be paid to one (1)
4 political subdivision in the county to carry out specific public safety
5 purposes specified in the resolutions.

6 (m) A fire department, volunteer fire department, or emergency
7 medical services provider that:

8 (1) provides fire protection or emergency medical services within
9 the county; and

10 (2) is operated by or serves a political subdivision that is not
11 otherwise entitled to receive a distribution of tax revenue under
12 this section;

13 may before July 1 of a year apply to the county income tax council for
14 a distribution of tax revenue under this section during the following
15 calendar year. The county income tax council shall review an
16 application submitted under this subsection and may before September
17 1 of a year adopt a resolution requiring that one (1) or more of the
18 applicants shall receive a specified amount of the tax revenue to be
19 distributed under this section during the following calendar year. A
20 resolution approved under this subsection providing for a distribution
21 to one (1) or more fire departments, volunteer fire departments, or
22 emergency services providers applies only to distributions in the
23 following calendar year. Any amount of tax revenue distributed under
24 this subsection to a fire department, volunteer fire department, or
25 emergency medical services provider shall be distributed before the
26 remainder of the tax revenue is distributed under subsection (f).

27 SECTION 18. IC 6-3.5-6-32, AS AMENDED BY P.L.137-2012,
28 SECTION 87, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
29 JULY 1, 2013]: Sec. 32. (a) A county income tax council may impose
30 a tax rate under this section to provide property tax relief to taxpayers
31 in the county. A county income tax council is not required to impose
32 any other tax before imposing a tax rate under this section.

33 (b) A tax rate under this section may be imposed in increments of
34 five-hundredths of one percent (0.05%) determined by the county
35 income tax council. A tax rate under this section may not exceed one
36 percent (1%).

37 (c) A tax rate under this section is in addition to any other tax rates
38 imposed under this chapter and does not affect the purposes for which

1 other tax revenue under this chapter may be used.

2 (d) If a county income tax council adopts an ordinance to impose or
3 increase a tax rate under this section, not more than ten (10) days after
4 the vote, the county auditor shall send a certified copy of the ordinance
5 to the commissioner of the department, the director of the budget
6 agency, and the commissioner of the department of local government
7 finance by certified mail or in an electronic format approved by the
8 director of the budget agency.

9 (e) **Except as provided in section 34 of this chapter**, a tax rate
10 under this section may be imposed, increased, decreased, or rescinded
11 at the same time and in the same manner that the county income tax
12 council may impose or increase a tax rate under section 30 of this
13 chapter.

14 (f) Tax revenue attributable to a tax rate under this section may be
15 used for any combination of the following purposes, as specified by
16 ordinance of the county income tax council:

17 (1) The tax revenue may be used to provide local property tax
18 replacement credits at a uniform rate to all taxpayers in the
19 county. The local property tax replacement credits shall be treated
20 for all purposes as property tax levies. The county auditor shall
21 determine the local property tax replacement credit percentage for
22 a particular year based on the amount of tax revenue that will be
23 used under this subdivision to provide local property tax
24 replacement credits in that year. A county income tax council may
25 not adopt an ordinance determining that tax revenue shall be used
26 under this subdivision to provide local property tax replacement
27 credits at a uniform rate to all taxpayers in the county unless the
28 county council has done the following:

29 (A) Made available to the public the county council's best
30 estimate of the amount of property tax replacement credits to
31 be provided under this subdivision to homesteads, other
32 residential property, commercial property, industrial property,
33 and agricultural property.

34 (B) Adopted a resolution or other statement acknowledging
35 that some taxpayers in the county that do not pay the tax rate
36 under this section will receive a property tax replacement
37 credit that is funded with tax revenue from the tax rate under
38 this section.

1 (2) The tax revenue may be used to uniformly increase (before
 2 January 1, 2011) or uniformly provide (after December 31, 2010)
 3 the homestead credit percentage in the county. The homestead
 4 credits shall be treated for all purposes as property tax levies. The
 5 homestead credits do not reduce the basis for determining any
 6 state homestead credit. The homestead credits shall be applied to
 7 the net property taxes due on the homestead after the application
 8 of all other assessed value deductions or property tax deductions
 9 and credits that apply to the amount owed under IC 6-1.1. The
 10 county auditor shall determine the homestead credit percentage
 11 for a particular year based on the amount of tax revenue that will
 12 be used under this subdivision to provide homestead credits in
 13 that year.

14 (3) The tax revenue may be used to provide local property tax
 15 replacement credits at a uniform rate for all qualified residential
 16 property (as defined in IC 6-1.1-20.6-4 before January 1, 2009,
 17 and as defined in section 1 of this chapter after December 31,
 18 2008) in the county. The local property tax replacement credits
 19 shall be treated for all purposes as property tax levies. The county
 20 auditor shall determine the local property tax replacement credit
 21 percentage for a particular year based on the amount of tax
 22 revenue that will be used under this subdivision to provide local
 23 property tax replacement credits in that year.

24 (4) This subdivision applies only to Lake County. The Lake
 25 County council may adopt an ordinance providing that the tax
 26 revenue from the tax rate under this section is used for any of the
 27 following:

28 (A) To reduce all property tax levies imposed by the county by
 29 the granting of property tax replacement credits against those
 30 property tax levies.

31 (B) To provide local property tax replacement credits in Lake
 32 County in the following manner:

33 (i) The tax revenue under this section that is collected from
 34 taxpayers within a particular municipality in Lake County
 35 (as determined by the department based on the department's
 36 best estimate) shall be used only to provide a local property
 37 tax credit against property taxes imposed by that
 38 municipality.

1 (ii) The tax revenue under this section that is collected from
2 taxpayers within the unincorporated area of Lake County (as
3 determined by the department) shall be used only to provide
4 a local property tax credit against property taxes imposed by
5 the county. The local property tax credit for the
6 unincorporated area of Lake County shall be available only
7 to those taxpayers within the unincorporated area of the
8 county.

9 (C) To provide property tax credits in the following manner:

10 (i) Sixty percent (60%) of the tax revenue under this section
11 shall be used as provided in clause (B).

12 (ii) Forty percent (40%) of the tax revenue under this section
13 shall be used to provide property tax replacement credits
14 against property tax levies of the county and each township
15 and municipality in the county. The percentage of the tax
16 revenue distributed under this item that shall be used as
17 credits against the county's levies or against a particular
18 township's or municipality's levies is equal to the percentage
19 determined by dividing the population of the county,
20 township, or municipality by the sum of the total population
21 of the county, each township in the county, and each
22 municipality in the county.

23 The Lake County council shall determine whether the credits
24 under clause (A), (B), or (C) shall be provided to homesteads, to
25 all qualified residential property, or to all taxpayers. The
26 department of local government finance, with the assistance of the
27 budget agency, shall certify to the county auditor and the fiscal
28 body of the county and each township and municipality in the
29 county the amount of property tax credits under this subdivision.
30 Except as provided in subsection (g), the tax revenue under this
31 section that is used to provide credits under this subdivision shall
32 be treated for all purposes as property tax levies.

33 The county income tax council may adopt an ordinance changing the
34 purposes for which tax revenue attributable to a tax rate under this
35 section shall be used in the following year.

36 (g) **Except as provided in section 34 of this chapter**, the tax rate
37 under this section shall not be considered for purposes of computing:

38 (1) the maximum income tax rate that may be imposed in a county

- 1 under section 8 or 9 of this chapter or any other provision of this
- 2 chapter;
- 3 (2) the maximum permissible property tax levy under
- 4 IC 6-1.1-18.5-3; or
- 5 (3) the credit under IC 6-1.1-20.6.

6 (h) Tax revenue under this section shall be treated as a part of the
 7 receiving civil taxing unit's or school corporation's property tax levy for
 8 that year for purposes of fixing the budget of the civil taxing unit or
 9 school corporation and for determining the distribution of taxes that are
 10 distributed on the basis of property tax levies. To the extent the county
 11 auditor determines that there is income tax revenue remaining from the
 12 tax under this section after providing the property tax replacement, the
 13 excess shall be credited to a dedicated county account and may be used
 14 only for property tax replacement under this section in subsequent
 15 years.

16 (i) The department of local government finance, and the department
 17 of state revenue may take any actions necessary to carry out the
 18 purposes of this section.

19 (j) Notwithstanding any other provision, in Lake County the county
 20 council (and not the county income tax council) is the entity authorized
 21 to take actions concerning the tax rate under this section.

22 SECTION 19. IC 6-3.5-6-34 IS ADDED TO THE INDIANA CODE
 23 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 24 1, 2013]: **Sec. 34. (a) Notwithstanding any other law, if the county
 25 option income tax (including any county option income tax rate
 26 imposed under section 30, 31, or 32 of this chapter) is imposed in
 27 Lake County, the initial total county option income tax rate
 28 imposed under this chapter may not be increased, decreased, or
 29 rescinded.**

30 **(b) Notwithstanding any other law, the total county option
 31 income tax rate (including any county option income tax rate
 32 imposed under section 30, 31, or 32 of this chapter) imposed in
 33 Lake County plus the total county economic development income
 34 tax rate imposed in Lake County under IC 6-3.5-7 may not exceed
 35 one percent (1%).**

36 SECTION 20. IC 6-3.5-7-4.9, AS ADDED BY P.L.113-2010,
 37 SECTION 66, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 38 JULY 1, 2013]: Sec. 4.9. (a) Notwithstanding any other provision of

1 this chapter (**except as provided in section 29 of this chapter**), a
 2 power granted by this chapter to adopt an ordinance to:
 3 (1) impose, increase, decrease, or rescind a tax or tax rate; or
 4 (2) grant, increase, decrease, rescind, or change a homestead
 5 credit or property tax replacement credit authorized under this
 6 chapter;
 7 may be exercised at any time in a year before November 1 of that year.
 8 (b) Notwithstanding any other provision of this chapter, an
 9 ordinance authorized by this chapter that imposes or increases a tax or
 10 a tax rate takes effect as follows:
 11 (1) An ordinance adopted after December 31 of the immediately
 12 preceding year and before October 1 of the current year takes
 13 effect October 1 of the current year.
 14 (2) An ordinance adopted after September 30 and before October
 15 16 of the current year takes effect November 1 of the current year.
 16 (3) An ordinance adopted after October 15 and before November
 17 1 of the current year takes effect December 1 of the current year.
 18 (c) Notwithstanding any other provision of this chapter, an
 19 ordinance authorized by this chapter that decreases or rescinds a tax or
 20 a tax rate takes effect as follows:
 21 (1) An ordinance adopted after December 31 of the immediately
 22 preceding year and before October 1 of the current year takes
 23 effect on the later of October 1 of the current year or the first day
 24 of the month in the current year as the month in which the last
 25 increase in the tax or tax rate occurred.
 26 (2) An ordinance adopted after September 30 and before October
 27 16 of the current year takes effect on the later of November 1 of
 28 the current year or the first day of the month in the current year as
 29 the month in which the last increase in the tax or tax rate
 30 occurred.
 31 (3) An ordinance adopted after October 15 and before November
 32 1 of the current year takes effect December 1 of the current year.
 33 (d) Notwithstanding any other provision of this chapter, an
 34 ordinance authorized by this chapter that grants, increases, decreases,
 35 rescinds, or changes a homestead credit or property tax replacement
 36 credit authorized under this chapter takes effect for and applies to
 37 property taxes first due and payable in the year immediately following
 38 the year in which the ordinance is adopted.

1 SECTION 21. IC 6-3.5-7-5, AS AMENDED BY P.L.137-2012,
2 SECTION 94, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2013]: Sec. 5. (a) Except as provided in subsection (c), the
4 county economic development income tax may be imposed on the
5 adjusted gross income of county taxpayers. The entity that may impose
6 the tax is:

- 7 (1) the county income tax council (as defined in IC 6-3.5-6-1) if
- 8 the county option income tax is in effect on October 1 of the year
- 9 the county economic development income tax is imposed;
- 10 (2) the county council if the county adjusted gross income tax is
- 11 in effect on October 1 of the year the county economic
- 12 development tax is imposed; or
- 13 (3) the county income tax council or the county council,
- 14 whichever acts first, for a county not covered by subdivision (1)
- 15 or (2).

16 To impose the county economic development income tax, a county
17 income tax council shall use the procedures set forth in IC 6-3.5-6
18 concerning the imposition of the county option income tax.

19 (b) Except as provided in this section and section 28 of this chapter,
20 the county economic development income tax may be imposed at a rate
21 of:

- 22 (1) one-tenth percent (0.1%);
- 23 (2) two-tenths percent (0.2%);
- 24 (3) twenty-five hundredths percent (0.25%);
- 25 (4) three-tenths percent (0.3%);
- 26 (5) thirty-five hundredths percent (0.35%);
- 27 (6) four-tenths percent (0.4%);
- 28 (7) forty-five hundredths percent (0.45%); or
- 29 (8) five-tenths percent (0.5%);

30 on the adjusted gross income of county taxpayers.

31 (c) Except as provided in this section **and section 29 of this**
32 **chapter**, the county economic development income tax rate plus the
33 county adjusted gross income tax rate, if any, that are in effect on
34 January 1 of a year may not exceed one and twenty-five hundredths
35 percent (1.25%). Except as provided in this section **and section 29 of**
36 **this chapter**, the county economic development tax rate plus the
37 county option income tax rate, if any, that are in effect on January 1 of
38 a year may not exceed one percent (1%).

1 (d) **Except as provided in section 29 of this chapter**, to impose,
2 increase, decrease, or rescind the county economic development
3 income tax, the appropriate body must adopt an ordinance.

4 (e) The ordinance to impose the tax must substantially state the
5 following:

6 "The _____ County _____ imposes the county economic
7 development income tax on the county taxpayers of _____
8 County. The county economic development income tax is imposed at
9 a rate of _____ percent (____%) on the county taxpayers of the
10 county."

11 (f) The auditor of a county shall record all votes taken on ordinances
12 presented for a vote under the authority of this chapter and shall, not
13 more than ten (10) days after the vote, send a certified copy of the
14 results to the commissioner of the department, the director of the
15 budget agency, and the commissioner of the department of local
16 government finance by certified mail or in an electronic format
17 approved by the director of the budget agency.

18 (g) For Jackson County, except as provided in subsection (o), the
19 county economic development income tax rate plus the county adjusted
20 gross income tax rate that are in effect on January 1 of a year may not
21 exceed one and thirty-five hundredths percent (1.35%) if the county has
22 imposed the county adjusted gross income tax at a rate of one and
23 one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

24 (h) For Pulaski County, except as provided in subsection (o), the
25 county economic development income tax rate plus the county adjusted
26 gross income tax rate that are in effect on January 1 of a year may not
27 exceed one and fifty-five hundredths percent (1.55%).

28 (i) For Wayne County, except as provided in subsection (o), the
29 county economic development income tax rate plus the county adjusted
30 gross income tax rate that are in effect on January 1 of a year may not
31 exceed one and five-tenths percent (1.5%).

32 (j) This subsection applies to Randolph County. Except as provided
33 in subsection (o), in addition to the rates permitted under subsection
34 (b):

35 (1) the county economic development income tax may be imposed
36 at a rate of twenty-five hundredths percent (0.25%); and

37 (2) the sum of the county economic development income tax rate
38 and the county adjusted gross income tax rate that are in effect on

1 January 1 of a year may not exceed one and five-tenths percent
2 (1.5%);
3 if the county council makes a determination to impose rates under this
4 subsection and section 22.5 of this chapter.

5 (k) For Daviess County, except as provided in subsection (o), the
6 county economic development income tax rate plus the county adjusted
7 gross income tax rate that are in effect on January 1 of a year may not
8 exceed one and five-tenths percent (1.5%).

9 (l) For:
10 (1) Elkhart County; or
11 (2) Marshall County;
12 except as provided in subsection (o), the county economic development
13 income tax rate plus the county adjusted gross income tax rate that are
14 in effect on January 1 of a year may not exceed one and five-tenths
15 percent (1.5%).

16 (m) For Union County, except as provided in subsection (o), the
17 county economic development income tax rate plus the county adjusted
18 gross income tax rate that are in effect on January 1 of a year may not
19 exceed one and five-tenths percent (1.5%).

20 (n) This subsection applies to Knox County. Except as provided in
21 subsection (o), in addition to the rates permitted under subsection (b):

- 22 (1) the county economic development income tax may be imposed
- 23 at a rate of twenty-five hundredths percent (0.25%); and
- 24 (2) the sum of the county economic development income tax rate
- 25 and:

26 (A) the county adjusted gross income tax rate that are in effect
27 on January 1 of a year may not exceed one and five-tenths
28 percent (1.5%); or

29 (B) the county option income tax rate that are in effect on
30 January 1 of a year may not exceed one and twenty-five
31 hundredths percent (1.25%);

32 if the county council makes a determination to impose rates under this
33 subsection and section 24 of this chapter.

34 (o) **Except as provided in section 29 of this chapter**, in addition:

- 35 (1) the county economic development income tax may be imposed
- 36 at a rate that exceeds by not more than twenty-five hundredths
- 37 percent (0.25%) the maximum rate that would otherwise apply
- 38 under this section; and

- 1 (2) the:
- 2 (A) county economic development income tax; and
- 3 (B) county option income tax or county adjusted gross income
- 4 tax;
- 5 may be imposed at combined rates that exceed by not more than
- 6 twenty-five hundredths percent (0.25%) the maximum combined
- 7 rates that would otherwise apply under this section.

8 However, the additional rate imposed under this subsection may not
 9 exceed the amount necessary to mitigate the increased ad valorem
 10 property taxes on homesteads (as defined in IC 6-1.1-20.9-1 (repealed)
 11 before January 1, 2009, or IC 6-1.1-12-37 after December 31, 2008) or
 12 residential property (as defined in section 26 of this chapter), as
 13 appropriate under the ordinance adopted by the adopting body in the
 14 county, resulting from the deduction of the assessed value of inventory
 15 in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42 or from the
 16 exclusion in 2008 of inventory from the definition of personal property
 17 in IC 6-1.1-1-11.

18 (p) If the county economic development income tax is imposed as
 19 authorized under subsection (o) at a rate that exceeds the maximum
 20 rate that would otherwise apply under this section, the certified
 21 distribution must be used for the purpose provided in section 26 of this
 22 chapter to the extent that the certified distribution results from the
 23 difference between:

- 24 (1) the actual county economic development tax rate; and
- 25 (2) the maximum rate that would otherwise apply under this
- 26 section.

27 (q) This subsection applies only to a county described in section 27
 28 of this chapter. Except as provided in subsection (o) **and section 29 of**
 29 **this chapter**, in addition to the rates permitted by subsection (b), the:

- 30 (1) county economic development income tax may be imposed at
- 31 a rate of twenty-five hundredths percent (0.25%); and
- 32 (2) county economic development income tax rate plus the county
- 33 option income tax rate that are in effect on January 1 of a year
- 34 may equal up to one and twenty-five hundredths percent (1.25%);
- 35 if the county council makes a determination to impose rates under this
- 36 subsection and section 27 of this chapter.

37 (r) Except as provided in subsection (o) **and section 29 of this**
 38 **chapter**, the county economic development income tax rate plus the

1 county adjusted gross income tax rate that are in effect on January 1 of
 2 a year may not exceed one and five-tenths percent (1.5%) if the county
 3 has imposed the county adjusted gross income tax under
 4 IC 6-3.5-1.1-3.3.

5 (s) This subsection applies to Howard County. Except as provided
 6 in subsection (o), the sum of the county economic development income
 7 tax rate and the county option income tax rate that are in effect on
 8 January 1 of a year may not exceed one and twenty-five hundredths
 9 percent (1.25%).

10 (t) This subsection applies to Scott County. Except as provided in
 11 subsection (o), the sum of the county economic development income
 12 tax rate and the county option income tax rate that are in effect on
 13 January 1 of a year may not exceed one and twenty-five hundredths
 14 percent (1.25%).

15 (u) This subsection applies to Jasper County. Except as provided in
 16 subsection (o), the sum of the county economic development income
 17 tax rate and the county adjusted gross income tax rate that are in effect
 18 on January 1 of a year may not exceed one and five-tenths percent
 19 (1.5%).

20 (v) **Except as provided in section 29 of this chapter**, an additional
 21 county economic development income tax rate imposed under section
 22 28 of this chapter may not be considered in calculating any limit under
 23 this section on the sum of:

- 24 (1) the county economic development income tax rate plus the
- 25 county adjusted gross income tax rate; or
- 26 (2) the county economic development tax rate plus the county
- 27 option income tax rate.

28 (w) **Except as provided in section 29 of this chapter**, the income
 29 tax rate limits imposed by subsection (c) or (x) or any other provision
 30 of this chapter do not apply to:

- 31 (1) a county adjusted gross income tax rate imposed under
- 32 IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26; or
- 33 (2) a county option income tax rate imposed under IC 6-3.5-6-30,
- 34 IC 6-3.5-6-31, or IC 6-3.5-6-32.

35 For purposes of computing the maximum combined income tax rate
 36 under subsection (c) or (x) or any other provision of this chapter that
 37 may be imposed in a county under IC 6-3.5-1.1, IC 6-3.5-6, and this
 38 chapter, a county's county adjusted gross income tax rate or county

1 option income tax rate for a particular year does not include the county
2 adjusted gross income tax rate imposed under IC 6-3.5-1.1-24,
3 IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26 or the county option income tax rate
4 imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.

5 (x) This subsection applies to Monroe County. Except as provided
6 in subsection (o), if an ordinance is adopted under IC 6-3.5-6-33, the
7 sum of the county economic development income tax rate and the
8 county option income tax rate that are in effect on January 1 of a year
9 may not exceed one and twenty-five hundredths percent (1.25%).

10 (y) This subsection applies to Perry County. Except as provided in
11 subsection (o), if an ordinance is adopted under section 27.5 of this
12 chapter, the county economic development income tax rate plus the
13 county option income tax rate that is in effect on January 1 of a year
14 may not exceed one and seventy-five hundredths percent (1.75%).

15 (z) This subsection applies to Starke County. Except as provided in
16 subsection (o), if an ordinance is adopted under section 27.6 of this
17 chapter, the county economic development income tax rate plus the
18 county adjusted gross income tax rate that is in effect on January 1 of
19 a year may not exceed two percent (2%).

20 SECTION 22. IC 6-3.5-7-6, AS AMENDED BY P.L.137-2012,
21 SECTION 95, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
22 JULY 1, 2013]: Sec. 6. (a) **Except as provided in section 29 of this**
23 **chapter**, the body imposing the tax may decrease or increase the
24 county economic development income tax rate imposed upon the
25 county taxpayers as long as the resulting rate does not exceed the rates
26 specified in section 5(b) and 5(c) of this chapter. The rate imposed
27 under this section must be adopted at one (1) of the rates specified in
28 section 5(b) of this chapter. To decrease or increase the rate, the
29 appropriate body must adopt an ordinance. The ordinance must
30 substantially state the following:

31 "The _____ County _____ increases (decreases) the
32 county economic development income tax rate imposed upon the
33 county taxpayers of the county from _____ percent (____%) to
34 _____ percent (____%)."

35 (b) The auditor of a county shall record all votes taken on
36 ordinances presented for a vote under the authority of this section and,
37 not more than ten (10) days after the vote, send a certified copy of the
38 results to the commissioner of the department, the director of the

1 budget agency, and the commissioner of the department of local
2 government finance by certified mail or in an electronic format
3 approved by the director of the budget agency.

4 SECTION 23. IC 6-3.5-7-7, AS AMENDED BY P.L.137-2012,
5 SECTION 96, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
6 JULY 1, 2013]: Sec. 7. (a) **Except as provided in section 29 of this**
7 **chapter**, the county economic development income tax imposed under
8 this chapter remains in effect until rescinded.

9 (b) Subject to section 14 of this chapter, the body imposing the
10 county economic development income tax may rescind the tax by
11 adopting an ordinance.

12 (c) The auditor of a county shall record all votes taken on
13 ordinances presented for a vote under the authority of this section and,
14 not more than ten (10) days after the vote, send a certified copy of the
15 results to the commissioner of the department, the director of the
16 budget agency, and the commissioner of the department of local
17 government finance by certified mail or in an electronic format
18 approved by the director of the budget agency.

19 SECTION 24. IC 6-3.5-7-29 IS ADDED TO THE INDIANA CODE
20 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
21 1, 2013]: Sec. 29. (a) **Notwithstanding any other law, if the county**
22 **economic development income tax is imposed in Lake County, the**
23 **initial total county economic development income tax rate imposed**
24 **under this chapter may not be increased, decreased, or rescinded.**

25 (b) **Notwithstanding any other law, the total county economic**
26 **development income tax rate imposed in Lake County under this**
27 **chapter plus:**

28 (1) **the total county adjusted gross income tax rate imposed in**
29 **Lake County under IC 6-3.5-1.1 (including any county**
30 **adjusted gross income tax rate imposed under IC 6-3.5-1.1-24,**
31 **IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26); or**

32 (2) **the total county option income tax rate imposed in Lake**
33 **County under IC 6-3.5-6 (including any county option income**
34 **tax rate imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, or**
35 **IC 6-3.5-6-32);**

36 **may not exceed one percent (1%)."**

37 Page 3, line 22, delete "Indiana finance authority" and insert "**office**
38 **of management and budget**".

- 1 Page 3, line 25, delete "Indiana finance" and insert "**office of**
- 2 **management and budget,**".
- 3 Page 3, line 26, delete "authority,".
- 4 Renumber all SECTIONS consecutively.
(Reference is to SB 585 as printed February 15, 2013.)

and when so amended that said bill do pass.

Committee Vote: Yeas 12, Nays 0.

Hershman

Chairperson