

COMMITTEE REPORT

MADAM PRESIDENT:

The Senate Committee on Tax and Fiscal Policy, to which was referred House Bill No. 1546, 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 16, between lines 20 and 21, begin a new paragraph and insert:
2 "SECTION 12. IC 6-3.5-1.1-2.5, AS AMENDED BY P.L.119-2012,
3 SECTION 37, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 JULY 1, 2013]: Sec. 2.5. (a) This section applies only to Jackson
5 County.
6 ~~(b)~~ As used in this section, "fiscal year" means a twelve (12) month
7 period beginning July 1 and ending June 30.
8 ~~(c)~~ **(b)** The county council may, by ordinance, determine that
9 additional county adjusted gross income tax revenue is needed in the
10 county to fund the operation and maintenance of a jail and juvenile
11 detention center opened after July 1, 1998.
12 ~~(d)~~ **(c)** Notwithstanding section 2 of this chapter, if the county
13 council adopts an ordinance under subsection ~~(c)~~; **(b)**, the county
14 council may impose the county adjusted gross income tax at a rate of
15 one and one-tenth percent (1.1%) on adjusted gross income for ~~fiscal~~
16 **calendar** years ~~beginning~~ **ending** before July 1, 2011; **January 1,**
17 **2024.** For ~~fiscal~~ **calendar** years beginning after June 30, 2011;
18 **December 31, 2023,** the rate is reduced to one percent (1%). If the
19 county council imposes the county adjusted gross income tax at a rate
20 of one and one-tenth percent (1.1%), the county council may decrease

1 the rate or rescind the tax in the manner provided under this chapter.
 2 ~~(c)~~ **(d)** If the county imposes the county adjusted gross income tax
 3 at a rate of one and one-tenth percent (1.1%) under this section, the
 4 revenue derived from a tax rate of one-tenth percent (0.1%) on adjusted
 5 gross income:

- 6 (1) shall be paid to the county treasurer;
 7 (2) may be used only to pay the costs of operating a jail and
 8 juvenile detention center opened after July 1, 1998; and
 9 (3) may not be considered by the department of local government
 10 finance in determining the county's maximum permissible
 11 property tax levy limit under IC 6-1.1-18.5.

12 SECTION 13. IC 6-3.5-1.1-27 IS ADDED TO THE INDIANA
 13 CODE AS A NEW SECTION TO READ AS FOLLOWS
 14 [EFFECTIVE JULY 1, 2013]: **Sec. 27. (a) This section applies only**
 15 **to an additional tax rate imposed in Jackson County under section**
 16 **2.5 of this chapter.**

17 **(b) This subsection applies to an additional tax rate imposed**
 18 **after June 30, 2011, and before July 1, 2013. Notwithstanding**
 19 **section 2.5 of this chapter (as in effect on January 1, 2013), the**
 20 **imposition, collection, and distribution of county adjusted gross**
 21 **income taxes attributable to the additional tax rate is legalized and**
 22 **validated.**

23 **(c) Any action described in subsection (b) of:**

- 24 **(1) the department;**
 25 **(2) the budget agency; or**
 26 **(3) an officer or employee of Jackson County;**

27 **is legalized and validated.**

28 **(d) The additional tax rate:**

- 29 **(1) authorized by the county council under section 2.5 of this**
 30 **chapter (as in effect on January 1, 2013); and**
 31 **(2) legalized and validated by subsection (c);**

32 **remains in effect for the calendar years specified in section 2.5(c)**
 33 **of this chapter without additional county council action. However,**
 34 **this subsection may not be construed to limit the ability of the**
 35 **county council to decrease the rate or rescind the tax in the manner**
 36 **provided under this chapter."**

37 Page 22, line 30, after "0" strike "lbs".

38 Page 26, line 30, delete "or".

- 1 Page 27, line 27, after "from" insert **"the following during the**
 2 **disaster period:"**.
- 3 Page 27, line 27, delete "paying state or local income taxes during
 4 the disaster".
- 5 Page 27, line 28, delete "period,", begin a new line block indented
 6 and insert:
 7 **"(1) Paying any state or local taxes, including ad valorem and**
 8 **payroll taxes,"**.
- 9 Page 27, between lines 35 and 36, begin a new line block indented
 10 and insert:
 11 **"(2) Paying state gross retail and use tax on equipment used**
 12 **or consumed during the disaster period.**
 13 **(3) Complying with any state or local business, occupational**
 14 **licensing, or registration requirements.**
 15 **(4) Providing worker's compensation insurance under**
 16 **IC 22-3-5.**
 17 **(5) Making employer contributions to the unemployment**
 18 **compensation system under IC 22-4-10."**
- 19 Page 27, line 39, after ";" delete "or".
- 20 Page 27, line 40, delete "become" and insert **"be"**.
- 21 Page 27, line 40, after ";" insert **"or"**.
- 22 Page 27, between lines 40 and 41, begin a new line block indented
 23 and insert:
 24 **"(3) file and pay any other state or local tax or fee;"**.
- 25 Page 28, line 3, after "emergency" insert **"related"**.
- 26 Page 28, delete line 8.
- 27 Page 28, line 9, delete "(3)" and insert **"(2)"**.
- 28 Page 28, line 10, delete "(4)" and insert **"(3)"**.
- 29 Page 28, delete lines 11 through 21, begin a new line block indented
 30 and insert:
 31 **"(4) gross retail taxes or use taxes on a purchase of materials**
 32 **or services by the out-of-state business or out-of-state**
 33 **employee for use or consumption during the disaster period,**
 34 **unless the purchase is otherwise exempt during a disaster**
 35 **period."**
- 36 Page 28, line 39, strike "the United States mail".
- 37 Page 28, line 40, strike "in".
- 38 Page 28, line 41, after "(1)" insert **"United States"**.

1 Page 28, line 42, after "(2)" insert "**United States**".

2 Page 29, line 1, after "(3)" insert "**United States**".

3 Page 29, line 2, after "(4)" insert "**a**".

4 Page 35, between lines 26 and 27, begin a new paragraph and insert:

5 "SECTION 38. IC 6-8.1-9.7 IS ADDED TO THE INDIANA CODE
6 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
7 JULY 1, 2013]:

8 **Chapter 9.7. Treasury Offset Program**

9 **Sec. 1. As used in this chapter, "debt" means a delinquent state**
10 **tax or non-tax debt certified by the treasurer of state or a federal**
11 **non-tax debt certified by a federal official. The term includes, but**
12 **is not limited to, fines, fees, penalties, and other non-tax**
13 **assessments imposed by or payable to the state or federal**
14 **government that are finally determined to be due and owing.**

15 **Sec. 2. As used in this chapter, "federal official" means a unit or**
16 **official of the federal government that:**

17 **(1) is charged with the collection of non-tax liabilities payable**
18 **to the federal government; and**

19 **(2) has the authority to make offsets under an offset**
20 **agreement.**

21 **Sec. 3. As used in this chapter, "offset agreement" means an**
22 **agreement between the office of management and budget and the**
23 **Secretary of the Treasury of the United States authorized by this**
24 **chapter.**

25 **Sec. 4. As used in this chapter, "person" means an individual,**
26 **vendor, contractor, partnership, society, association, joint stock**
27 **company, limited liability company, corporation, estate, receiver,**
28 **trustee, or assignee, any other person acting in a fiduciary or**
29 **representative capacity whether appointed by a court or otherwise,**
30 **or any combination of such individuals or entities.**

31 **Sec. 5. (a) As used in this chapter, "state payments" includes tax**
32 **refunds and any vendor or contractor payments made by the state**
33 **to any person, including expense reimbursements to an employee**
34 **of the state.**

35 **(b) The term does not include salary, wages, pension payments,**
36 **and any other type, class, or amount of payment that the office of**
37 **management and budget determines has an impact on the health**
38 **or welfare of the citizens of Indiana and should not be subject to an**

1 offset agreement.

2 Sec. 6. As used in this chapter, "tax refund" means an amount
3 described as a refund of tax under the provision of the state tax law
4 that authorized the payment of the refund.

5 Sec. 7. Notwithstanding any other law, the office of management
6 and budget may enter into an offset agreement with the Secretary
7 of the Treasury of the United States government to participate in
8 a reciprocal Treasury Offset Program under 31 U.S.C. 3716 for the
9 collection of any debts owed to the state or to state agencies from
10 federal payments to vendors, contractors, and taxpayers. The
11 offset agreement may provide for the federal government to submit
12 non-tax debts owed to federal agencies for offset against state
13 payments otherwise due and owing to taxpayers and to vendors
14 and contractors providing goods or services to the state or to the
15 state's departments, agencies, or institutions.

16 Sec. 8. If the office of management and budget enters into an
17 offset agreement, a federal official may do the following as
18 provided in the offset agreement:

19 (1) Certify to the office of management and budget the
20 existence of a person's delinquent non-tax debt owed by the
21 person to the federal government, by providing:

22 (A) the full name and address of the person and any other
23 names known to be used by the person;

24 (B) the person's Social Security number or federal tax
25 identification number;

26 (C) the amount of the person's federal non-tax debt;

27 (D) a statement certifying that the person's federal non-tax
28 debt is past due, that due process has been provided to the
29 person, and that the person's federal non-tax debt is legally
30 enforceable in the amount certified, which may be
31 provided in procedures for certifying payments as
32 specified in the offset agreement; and

33 (E) any other information required by the offset
34 agreement.

35 (2) Request the office of management and budget to withhold
36 any state payment to which the person is entitled.

37 (3) Retain a part of the proceeds of any federal administrative
38 setoff authorized by the federal offset program.

1 **Sec. 9. The following apply if the office of management and**
2 **budget enters into an offset agreement:**

3 **(1) The office of management and budget shall do the**
4 **following as provided in the offset agreement:**

5 **(A) Determine if a person whose name has been certified**
6 **by a federal official as provided in the offset agreement is**
7 **due a state payment.**

8 **(B) Withhold a state payment that is due a person whose**
9 **name has been certified by a federal official as provided in**
10 **the offset agreement.**

11 **(C) Notify the person from whom a state payment is**
12 **withheld under this section of the amount withheld in**
13 **accordance with the offset agreement.**

14 **(D) Pay to the federal official making the certification**
15 **under section 8 of this chapter the lesser of:**

16 **(i) the entire state payment withheld; or**

17 **(ii) the amount certified by the federal official.**

18 **If the amount certified by the federal official is less than a**
19 **state payment due to the person, the office of management**
20 **and budget shall pay to the person the part of the state**
21 **payment due to the person that exceeds the certified**
22 **amount, less any fee under section 10 of this chapter.**

23 **(2) If an individual filed a joint income tax return and the**
24 **debt certified by a federal official is not the liability of both**
25 **parties to the joint income tax return, the office of**
26 **management and budget may not withhold or pay to the**
27 **federal official the part of the income tax refund attributable**
28 **to the individual not owing the debt. The department shall**
29 **notify taxpayers filing a joint income tax return of a proposed**
30 **offset of a state income tax refund for a debt certified by a**
31 **federal official. A taxpayer that filed a joint income tax return**
32 **and that receives such a notice may, not more than sixty (60)**
33 **days after the notice is sent, notify the department in writing**
34 **that the taxpayer asserts that a part of the income tax refund**
35 **is attributable to the individual not owing the debt. If a**
36 **taxpayer that is a party to the joint income tax return does**
37 **not notify the department of such an assertion not more than**
38 **sixty (60) days after the department's notice is sent, all of the**

- 1 income tax refund is considered attributable to the individual
2 owing the debt.
- 3 **(3) The office of management and budget may do the**
4 **following as provided in the offset agreement:**
- 5 **(A) Certify to a federal official a person's delinquent debt**
6 **owed to the state by providing the federal official:**
- 7 **(i) the full name and address of the person and any other**
8 **names known to be used by the person;**
- 9 **(ii) the person's Social Security number or federal tax**
10 **identification number;**
- 11 **(iii) the amount of the person's debt owed to the state;**
12 **(iv) a statement certifying that the person's debt is past**
13 **due, that due process has been provided to the person,**
14 **and that the person's debt is legally enforceable in the**
15 **amount certified, which may be provided in procedures**
16 **for certifying payments as specified in the offset**
17 **agreement; and**
- 18 **(v) any other information required by state law or rules**
19 **applicable to the collection of the debt by offset of federal**
20 **payments or required by the offset agreement.**
- 21 **(B) Request that the federal official withhold from any**
22 **federal payment to which the person is entitled the lesser**
23 **of:**
- 24 **(i) the entire federal payment; or**
25 **(ii) the amount certified by the office of management and**
26 **budget;**
- 27 **as provided in the offset agreement. If the amount certified**
28 **by the office of management and budget is less than a**
29 **federal payment due to the person, the federal official may**
30 **pay to the person the part of the federal payment due to**
31 **the person that exceeds the certified amount, less any fee**
32 **under section 10 of this chapter.**
- 33 **Sec. 10. (a) The office of management and budget may, by rule,**
34 **establish a reasonable administrative fee to be charged to a person**
35 **for the provision of the state offset of a federal debt or the federal**
36 **offset of a state debt.**
- 37 **(b) A fee authorized by this section is a separate debt and may**
38 **be withheld from any refund, reimbursement, or other money held**

1 for the person.

2 (c) The office of management and budget may charge the person
3 who is the subject of state offset of a federal debt or the federal
4 offset of a state debt the fee authorized by this section.

5 (d) Any fees collected under this section may be retained by the
6 office of management and budget and used for the costs of the
7 intercept program, including reporting, and for costs associated
8 with other revenue generation and cost savings initiatives as
9 determined by the office of management and budget."

10 Page 40, between lines 1 and 2, begin a new paragraph and insert:

11 "(f) The following apply to rules adopted by the bureau before
12 January 1, 2014, under subsection (e):

13 (1) The rules are transferred to the department of state
14 revenue on January 1, 2014, and are considered, after
15 December 31, 2013, rules of the department of state revenue.

16 (2) After December 31, 2013, the rules are treated as if they
17 had been adopted by the department of state revenue."

18 Page 43, line 24, delete "IC 35-43-5-4.4(a)(1)" and insert
19 "IC 35-43-5-4.6(a)(1)".

20 Page 43, line 25, delete "IC 35-43-5-4.4(a)(3)." and insert
21 "IC 35-43-5-4.6(a)(3)".

22 Page 44, line 24, delete "IC 35-43-5-4.4" and insert
23 "IC 35-43-5-4.6".

24 Page 44, line 26, delete "Sec. 4.4." and insert "Sec. 4.6".

25 Renumber all SECTIONS consecutively.

(Reference is to HB 1546 as printed February 18, 2013.)

and when so amended that said bill do pass.

Committee Vote: Yeas 10, Nays 2.

Hershman

Chairperson