



Journal of the Senate

State of Indiana

115th General Assembly

First Regular Session

Fiftieth Meeting Day

Sunday Afternoon

April 29, 2007

The Senate convened at 12:30 p.m., with the President of the Senate, Rebecca S. Skillman, in the Chair.

Prayer was offered by Senator Samuel Smith, Jr.

The Pledge of Allegiance to the Flag was led by the President of the Senate.

The Chair ordered the roll of the Senate to be called. Those present were:

Alting	Long
Arnold	Lubbers
Becker	Meeks
Boots	Merritt
Bray	Miller
Breaux	Mishler
Broden	Mrvan
Deig	Nugent
Delph	Paul
Dillon	Riegsecker
Drozda	Rogers
Errington	Simpson
Ford	Sipes
Gard	Skinner
Heinold	Smith
Hershman	Steele
Howard	Tallian
Hume	Walker
Jackman	Waltz
Kenley	Waterman
Kruse	Weatherwax
Lanane	Wyss
Landske	Young, M.
Lawson	Young, R.
Lewis	Zakas

Roll Call 523: present 50. The Chair announced a quorum present. Pursuant to Senate Rule 5(d), no motion having been heard, the Journal of the previous day was considered read.

SENATE MOTION

Madam President: I move that the Senate rescind its action whereby it adopted the Conference Committee Report #1 on Engrossed Senate Bill 503.

MILLER

Motion prevailed.

SENATE MOTION

Madam President: I move that all requests for interim studies,

including those made by concurrent resolutions, bills which failed to pass both Houses of the General Assembly, or written or oral requests to the President Pro Tempore of the Senate, are hereby referred to the Legislative Council for further consideration as it deems necessary or appropriate.

LONG

Motion prevailed.

SENATE MOTION

Madam President: I move that Senators Lawson and Simpson be appointed as a committee of two members of the Senate to confer with the House of Representatives for the purpose of ascertaining if the House of Representatives has any further legislative business to transact with the Senate.

LONG

Motion prevailed.

SENATE MOTION

Madam President: I move that Senators Riegsecker and Skinner be appointed as a committee of two members of the Senate to confer with the Governor for the purpose of ascertaining if the Governor has any further communications to make to the Senate.

LONG

Motion prevailed.

MOTIONS TO CONCUR IN HOUSE AMENDMENTS

SENATE MOTION

Madam President: I move that the Senate do concur with the House amendments to Engrossed Senate Bill 261.

HEINOLD

Roll Call 524: yeas 47, nays 2. Motion prevailed.

CONFERENCE COMMITTEE REPORTS

CONFERENCE COMMITTEE REPORT

EHB 1115-1

Madam President: Your Conference Committee appointed to confer with a like committee from the House upon Engrossed Senate Amendments to Engrossed House Bill 1115 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate

amendments to the bill and that the bill be further amended as follows:

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 15-5-12-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) An owner of a dog commits a Class C misdemeanor if the owner recklessly, knowingly, or intentionally fails to take reasonable steps to restrain the dog and:

- (1) the dog enters property other than the property of the dog's owner; and
- (2) as the result of the failure to restrain the dog, the dog bites or attacks another person resulting in unprovoked bodily injury to the other person;

except as provided in subsection (b).

(b) The offense under subsection (a) is:

- (1) a Class B misdemeanor if the person has been convicted of one (1) previous unrelated violation of this section;
- (2) a Class A misdemeanor if:
 - (A) the person has been convicted of more than one (1) previous unrelated violation of this section; or
 - (B) the violation results in serious bodily injury to a person;
- (3) a Class D felony if the owner recklessly violates this section and the violation results in the death of a person; and
- (4) a Class C felony if the owner intentionally or knowingly violates this section and the violation results in the death of a person.

(c) **This subsection does not apply to a nonaggressive dog that goes beyond the owner's premises onto agricultural or forested land. An owner of a dog commits a Class D infraction if the owner of the dog allows the dog to stray beyond the owner's premises, unless the dog is under the reasonable control of an individual or the dog is engaged in lawful hunting and accompanied by the owner or a custodian of the dog. However, the offense is a Class C infraction if the owner has a prior unrelated judgment for a violation of this subsection.**

SECTION 2. IC 15-5-12-3.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3.5. (a) **The following definitions apply throughout this section:**

(1) **"Coydog" means:**

- (A) **an animal that is the offspring of a coyote and another animal; or**
- (B) **an animal that is the offspring of:**
 - (i) **an animal that is the offspring of a coyote and another animal; and**
 - (ii) **another animal.**

(2) **"Secure enclosure" means an outdoor pen that is:**

- (A) **roofed or that has sides at least six (6) feet tall; and**
- (B) **constructed in such a manner that the type of animal contained within the pen cannot reasonably be expected to escape.**

(3) **"Wolf hybrid" means:**

- (A) **an animal that is the offspring of a wolf and another animal; or**
- (B) **an animal that is the offspring of:**

- (i) **an animal that is the offspring of a wolf and another animal; and**
- (ii) **another animal.**

(b) **An owner of a wolf hybrid or coydog commits a Class B infraction if the owner:**

- (1) **fails to keep the animal in a building or secure enclosure; or**
- (2) **does not keep the animal under the reasonable control of an individual on a leash not more than eight (8) feet in length.**

An owner who tethers or chains a coydog or wolf hybrid does not comply with this subsection.

(c) **An owner of a wolf hybrid or coydog commits a Class B misdemeanor if the owner recklessly, knowingly, or intentionally fails to comply with subsection (b) and:**

- (1) **the wolf hybrid or coydog enters property other than the property of the owner; and**
- (2) **the wolf hybrid or coydog causes damage to livestock or the personal property of another individual.**

(d) **The offense under subsection (c) is:**

- (1) **a Class A misdemeanor if the owner has one (1) prior unrelated conviction under this section;**
- (2) **a Class D felony if:**
 - (A) **the owner has more than one (1) prior unrelated conviction for a violation under this section; or**
 - (B) **the person knowingly, intentionally, or recklessly fails to comply with subsection (b) and the failure to comply results in serious bodily injury to a person; and**
- (3) **a Class C felony if the owner knowingly, intentionally, or recklessly fails to comply with subsection (b) and the failure to comply results in the death of a person.**

(e) **Notwithstanding IC 36-1-3-8(a), a unit (as defined in IC 36-1-2-23) may adopt an ordinance:**

- (1) **prohibiting a person from possessing a wolf hybrid or coydog; or**
- (2) **imposing:**
 - (A) **a penalty of more than one thousand dollars (\$1,000) up to the limits prescribed in IC 36-1-3-8(a)(10)(B) for violating the provisions of subsection (b); or**
 - (B) **conditions on the possession of a wolf hybrid or coydog that are more stringent than the provisions of subsection (b).**

SECTION 3. [EFFECTIVE JULY 1, 2007] IC 15-5-12-3.5, as added by this act, applies only to crimes committed after June 30, 2007.

(Reference is to EHB 1115 as printed April 6, 2007.)

Kersey, Chair	Steele
Duncan	Sipes
House Conferees	Senate Conferees

Roll Call 525: yeas 40, nays 10. Report adopted.

CONFERENCE COMMITTEE REPORT

EHB 1312-1

Madam President: Your Conference Committee appointed to confer with a like committee from the House upon Engrossed Senate Amendments to Engrossed House Bill 1312 respectfully

reports that said two committees have conferred and agreed as follows to wit:

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 25-2.1-1-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. This article may be cited as "the accountancy act of ~~2001~~: 2007".

SECTION 2. IC 25-2.1-1-3.8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3.8. "Attest" means to provide any of the following financial statement services:

(1) An audit or other engagement performed in accordance with the AICPA Statements on Auditing Standards (SAS) or other similar standards adopted by reference under IC 25-2.1-2-15.

(2) A review of a financial statement performed in accordance with the AICPA Statements on Standards for Accounting and Review Services (SSARS) or other similar standards adopted by reference under IC 25-2.1-2-15.

(3) An examination of prospective financial information performed in accordance with the AICPA Statements on Standards for Attestation Engagements (SSAE) or other similar standards adopted by reference under IC 25-2.1-2-15.

(4) An engagement performed in accordance with the standards of the Public Company Accounting Oversight Board.

SECTION 3. IC 25-2.1-1-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. "Certificate" means:

(1) a certificate for a certified public accountant issued under IC 25-2.1-3 or IC 25-2.1-4;

(2) a certificate of registration for an accounting practitioner issued under IC 25-2.1-6-1 **(before its repeal)**; or

(3) a certificate for a certified public accountant, public accountant, or accounting practitioner renewed under IC 25-2.1-4.

SECTION 4. IC 25-2.1-1-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. "Quality review" means a study, an appraisal, or a review of at least one (1) aspect of the professional work of:

(1) an individual **who**; or

(2) a firm in the practice of accountancy **that**;

attests or issues compilation reports, by at least one (1) individual who holds a certificate **from any state and possesses qualifications that meet the applicable substantial equivalency standards** and who is independent of the individual or firm being reviewed.

SECTION 5. IC 25-2.1-2-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) A member of the board serves a term of three (3) years and until the member's successor is appointed and qualified.

(b) An individual may not serve more than two (2) complete terms. An appointment to fill an unexpired term is not a complete term.

(c) All terms expire on June 30.

SECTION 6. IC 25-2.1-2-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. **(a) Fees collected by the board shall be received and accounted for by the board and be deposited in the state general fund.**

(b) In addition to the fee to issue or renew a certificate or permit, the board shall establish a fee of not more than ten dollars (\$10) per year for a person who holds a certificate as an accounting practitioner, a CPA, or a PA to provide funds for administering and enforcing the provisions of this article, including investigating and taking action against persons who violate this article. All funds collected under this subsection shall be deposited in the accountant investigative fund established by IC 25-2.1-8-4.

SECTION 7. IC 25-2.1-2-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15. The board may adopt rules under IC 4-22-2 governing the administration and enforcement of this article and the conduct of licensees, including the following:

(1) The board's meetings and conduct of business.

(2) The procedure of investigations and hearings.

(3) The educational and experience qualifications required for the issuance of certificates under this article and the continuing professional education required for renewal of certificates under IC 25-2.1-4.

(4) Rules of professional conduct directed to controlling the quality and probity of the practice of accountancy by licensees, including independence, integrity, and objectivity, competence and technical standards, and responsibilities to the public and clients.

(5) The actions and circumstances that constitute professing to be a licensee in connection with the practice of accountancy.

(6) The manner and circumstances of use of the title "certified public accountant" and the abbreviation "CPA".

(7) Quality reviews that may be required to be performed under this article.

(8) Methods of applying for and conducting the examinations, including methods for grading examinations and determining a passing grade required of an applicant for a certificate. However, the board shall to the extent possible provide that the examination, grading of the examination, and the passing grades are uniform with those applicable in other states.

(9) Substantial equivalency.

(10) Administration of the accountant investigative fund established by IC 25-2.1-8-4.

SECTION 8. IC 25-2.1-4-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. The board shall renew a certificate issued under:

(1) this chapter;

(2) IC 25-2.1-3 (certified public accountants); or

(3) IC 25-2.1-6 (public accountants and accounting practitioners) **before July 1, 2007**;

if the holder of the certificate applies and meets the requirements under this chapter.

SECTION 9. IC 25-2.1-4-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) An individual:

- (1) whose principal place of business is not in Indiana; and
- (2) who either:

(A) has a valid certificate as a CPA from any state that the board or its designee has determined to be in substantial equivalence with the CPA licensure requirements of this state; or

(B) has individual CPA qualifications that have been determined by the board or its designee as substantially equivalent to the CPA licensure requirements of Indiana;

shall be presumed to have qualifications substantially equivalent to this state's requirements and shall have all the privileges granted to the holder of a CPA certificate under IC 25-2.1-3 without the need to obtain a certificate under IC 25-2.1-3 or a permit under IC 25-2.1-5.

~~(b) An individual to whom subsection (a) applies shall notify the board of the individual's intent to conduct business in the state under subsection (a):~~

(b) Notwithstanding any other provision of law, an individual who offers or renders professional services, in person or by mail, telephone, or other electronic means, as authorized under this section:

(1) is not required to provide notice or other submissions to the board; and

(2) is subject to the requirements in subsection (c).

(c) An individual of another state exercising the privilege granted under this section ~~consents~~, **and a CPA firm that employs the individual consent**, as a condition of the grant of this privilege: ~~to~~

(1) **to the personal and subject matter jurisdiction and disciplinary authority of the board;**

(2) **to comply with this article and the board's rules; and**

(3) that if a certificate as a CPA from the state of the individual's principal place of business is no longer valid, the individual shall cease exercising the privilege granted under this section in Indiana, individually and on behalf of the CPA firm; and

~~(4) to the appointment of the state board or agency that issued the individual's license as the individual's agent on whom process may be served in any action or proceeding by this board against the individual.~~

SECTION 10. IC 25-2.1-5-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) The board ~~may~~ **shall** adopt rules that require as a condition to renew a permit under this chapter, that an applicant undergo, not more than once every three (3) years, a quality review conducted in a manner the board specifies.

~~(b) If the board adopts rules under subsection (a)~~ The rules **adopted under subsection (a)** must:

(1) be adopted reasonably in advance of the time when a quality review first becomes effective;

(2) include reasonable provision for compliance by an applicant showing that the applicant has in the preceding three (3) years undergone a quality review that is a satisfactory equivalent to the quality review required under this section;

(3) require, with respect to quality reviews under subdivision (2), that the quality review be subject to review by an oversight body established or sanctioned by the board that shall periodically report to the board on the effectiveness of the review program and provide to the board a listing of firms

that have participated in a quality review program; and

(4) require, with respect to quality reviews under subdivision (2), that:

(A) the proceedings, records, and work papers of a review committee are privileged and are not subject to discovery, subpoena, or other means of legal process or introduction into evidence in a civil action, arbitration, administrative proceeding, or Indiana board of accountancy proceeding; and

(B) ~~that~~ a member of the review committee or individual who was involved in the quality review process is not permitted or required to testify in a civil action, arbitration, administrative proceeding, or Indiana board of accountancy proceeding to matters:

(i) produced, presented, disclosed or discussed during, or in connection with, the quality review process; or

(ii) that involve findings, recommendations, evaluations, opinions, or other actions of the committee or a committee member.

SECTION 11. IC 25-2.1-6-4.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 4.5. (a) The board may not issue a certificate under this chapter after July 1, 2007.**

(b) The board may renew a certificate under this chapter that is held validly before July 1, 2007.

SECTION 12. IC 25-2.1-6-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. An individual who is registered with the board to practice accounting as an accounting practitioner and holds a valid certificate issued under section 1 of this chapter **(before its repeal)** or renewed under IC 25-2.1-4 may be known as an "accounting practitioner" and may use the abbreviation "AP". However, an individual registered as an accounting practitioner may not prepare or render accounting opinions or certificates for any purpose, including financial statements, schedules, reports, or exhibits for publication, credit purposes, and use in a court.

SECTION 13. IC 25-2.1-8-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) The board may impose sanctions for any of the following reasons:

(1) A violation of IC 25-1-11-5.

(2) Revocation or suspension of the right to practice before a state or federal agency.

(3) Dishonesty, fraud, or gross negligence in the practice of accountancy or in the filing of or failure to file the licensee's own income tax returns.

(4) Any conduct reflecting adversely on the licensee's fitness to engage in the practice of accountancy.

(5) Failure to complete continuing education requirements satisfactorily.

(6) Failure to furnish evidence, when required, of satisfactory completion of continuing education requirements.

(b) A holder of a CPA certificate issued under this article is subject to disciplinary action in this state if the CPA certificate holder:

(1) offers or renders services or uses the CPA title in another state; and

(2) commits an act in that other state for which the CPA certificate holder would be subject to discipline in the other state if the CPA certificate holder were licensed in the other state.

The board shall investigate a complaint made by a board of accountancy or the equivalent of a board of accountancy in another state.

SECTION 14. IC 25-2.1-8-4 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 4. (a) The accountant investigative fund is established to provide funds for administering and enforcing the provisions of this article, including investigating and taking enforcement action against violators of this article. The fund shall be administered by the Indiana professional licensing agency.**

(b) The expenses of administering the fund shall be paid from the money in the fund. The fund consists of:

(1) money from a fee imposed upon a person who holds a certificate as an accounting practitioner, a CPA, or a PA under IC 25-2.1-2-12(b); and

(2) civil penalties collected under IC 25-2.1-13-3(b).

(c) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested.

(d) Money in the fund at the end of a state fiscal year does not revert to the state general fund. However, if the total amount in the fund exceeds seven hundred fifty thousand dollars (\$750,000) at the end of a state fiscal year after payment of all claims and expenses, the amount that exceeds seven hundred fifty thousand dollars (\$750,000) reverts to the state general fund.

(e) Money in the fund is continually appropriated to the Indiana professional licensing agency for its use in administering and enforcing this article and conducting investigations and taking enforcement action against persons violating this article.

(f) The attorney general and the Indiana professional licensing agency may enter into a memorandum of understanding to provide the attorney general with funds to conduct investigations and pursue enforcement action against violators of this article.

(g) The attorney general and the Indiana professional licensing agency shall present the memorandum of understanding annually to the board for review.

SECTION 15. IC 25-2.1-13-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 3. (a) An individual or a firm who knowingly violates IC 25-2.1-12 commits a Class A misdemeanor.**

(b) If the board finds that an individual or a firm knowingly violates IC 25-2.1-12 or a rule or order established by the board under this section, the board may impose a civil penalty of not more than twenty-five thousand dollars (\$25,000) per violation. Penalties collected under this section shall be deposited in the accountant investigative fund established by IC 25-2.1-8-4.

SECTION 16. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2007]: IC 25-2.1-6-1; IC 25-2.1-6-2; IC 25-2.1-6-3; IC 25-2.1-6-4.

(Reference is to EHB 1312 as reprinted April 10, 2007.)

Austin, Chair

Lawson

Neese

Lanane

House Conferees

Senate Conferees

Roll Call 526: yeas 50, nays 0. Report adopted.

CONFERENCE COMMITTEE REPORT

EHB 1505-1

Madam President: Your Conference Committee appointed to confer with a like committee from the House upon Engrossed Senate Amendments to Engrossed House Bill 1505 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 6-8.1-8-8, AS AMENDED BY SEA 559-2007, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 8. (a)** After a tax warrant becomes a judgment under section 2 of this chapter or a tax warrant is returned uncollected to the department under section 3 of this chapter, the department may take any of the following actions without judicial proceedings:

(1) The department may levy upon the property of the taxpayer that is held by a financial institution by sending a claim to the financial institution. Upon receipt of a claim under this subdivision, the financial institution shall surrender to the department the taxpayer's property. If the taxpayer's property exceeds the amount owed to the state by the taxpayer, the financial institution shall surrender the taxpayer's property in an amount equal to the amount owed. After receiving the department's notice of levy, the financial institution is required to place a sixty (60) day hold on or restriction on the withdrawal of funds the taxpayer has on deposit or subsequently deposits, in an amount not to exceed the amount owed.

(2) The department may garnish the accrued earnings and wages of a taxpayer by sending a notice to the taxpayer's employer. Upon receipt of a notice under this subdivision, an employer shall garnish the accrued earnings and wages of the taxpayer in an amount equal to the full amount that is subject to garnishment under IC 24-4.5-5. The amount garnished shall be remitted to the department. The employer is entitled to a fee in an amount equal to the fee allowed under IC 24-4.5-5-105(5). However, the fee shall be borne entirely by the taxpayer.

(3) The department may levy upon and sell property and may:

(A) take immediate possession of the property and store it in a secure place; or

(B) leave the property in the custody of the taxpayer; until the day of the sale. The department shall provide notice of the sale in one (1) newspaper, as provided in IC 5-3-1-2. If the property is left in the custody of the taxpayer, the department may require the taxpayer to provide a joint and

several delivery bond, in an amount and with a surety acceptable to the department. At any time before the sale, any owner or part owner of the property may redeem the property from the judgment by paying the department the amount of the judgment. The proceeds of the sale shall be applied first to the collection expenses and second to the payment of the delinquent taxes and penalties. Any balance remaining shall be paid to the taxpayer.

(b) A special counsel or collection agency that makes a claim to a financial institution on behalf of the department under subsection (a)(1) or on behalf of a county treasurer under IC 6-1.1-23-10(c)(1) shall submit the following to the financial institution:

- (1) Proof of employment or contract with the department under section 4 of this chapter or county treasurer under IC 6-1.1-23-1.5;
- (2) Subject to subsection (c), a fee of ten dollars (\$10) for each claim;
- (3) A notice of levy issued by the department or county treasurer;
- (4) A form approved by the department or county treasurer containing instructions for remitting funds to the special counsel or collection agency making the claim;
- (5) A stamped, self-addressed envelope for return of the form submitted under subdivision (4).

(c) A financial institution, special counsel, or collection agency may not assess or pass along a fee under subsection (b)(2) to:

- (1) the department;
- (2) the county treasurer;
- (3) the taxpayer; or
- (4) any other individual or unit of government.

SECTION 2. IC 6-8.1-8-8.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 8.7. (a) The department shall operate a data match system with each financial institution doing business in Indiana.**

(b) Each financial institution doing business in Indiana shall provide information to the department on all individuals:

- (1) who hold one (1) or more accounts with the financial institution; and
- (2) upon whom a levy may be issued by the department or a county treasurer.

(c) To provide the information required under subsection (b), a financial institution shall do one (1) of the following:

- (1) Identify individuals by comparing records maintained by the financial institution with records provided by the department by:
 - (A) name; and
 - (B) either:
 - (i) Social Security number; or
 - (ii) tax identification number.

(2) Comply with IC 31-25-4-31(c)(2). The child support bureau established by IC 31-25-3-1 shall regularly make reports submitted under IC 31-25-4-31(c)(2) available to the department or its agents for use only in tax judgment and levy administration.

(d) The information required under subsection (b) must:

- (1) be provided on a quarterly basis; and
- (2) include the:

- (A) name;
 - (B) address of record; and
 - (C) either:
 - (i) the Social Security number; or
 - (ii) tax identification number;
- of individuals identified under subsection (b).

(e) When the department determines that the information required under subsection (d)(2) is identical for an individual who holds an account with a financial institution and an individual against whom a levy may be issued by the department or a county treasurer, the department or its agents shall provide a notice of the match, in compliance with section 4 of this chapter, if action is to be initiated to levy or encumber the account.

(f) This section does not preclude a financial institution from exercising its right to:

- (1) charge back or recoup a deposit to an account; or
- (2) set off from an account held by the financial institution in which the individual has an interest in any debts owed to the financial institution that existed before:
 - (A) the state's levy; and
 - (B) notification to the financial institution of the levy.

(g) A financial institution ordered to block or encumber an account under this section is entitled to collect its normally scheduled account activity fees to maintain the account during the period the account is blocked or encumbered.

(h) All information provided by a financial institution under this section is confidential and is available only to the department or its agents for use only in levy collection activities.

(i) A financial institution providing information required under this section is not liable for:

- (1) disclosing the required information to the department or the child support bureau established by IC 31-25-3-1;
- (2) blocking or surrendering an individual's assets in response to a levy imposed under this section by:
 - (A) the department; or
 - (B) a person or an entity acting on behalf of the department; or
- (3) any other action taken in good faith to comply with this section.

(j) The department or its agents shall pay a financial institution performing the data match required by this section a reasonable fee, as determined by the department, of at least five dollars (\$5) for each levy issued to the financial institution.

(k) This section does not prevent the department or its agents from encumbering an obligor's account with a financial institution by any other remedy available under the law.

SECTION 3. IC 20-12-1-13 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 13. (a) Notwithstanding any other law, the following records regarding alternative investments in which institutional investment funds invest are not subject to disclosure under IC 5-14-3, unless the information has already been publicly released by the keeper of the information:**

- (1) Due diligence materials that are proprietary to the institutional investment fund or the alternative vehicle.
- (2) Quarterly and annual financial statements of

alternative investment vehicles.

(3) Meeting materials of alternative investment vehicles that contain individual portfolio holdings.

(4) Records containing information regarding the underlying portfolio positions in which alternative investment vehicles invest.

(5) Capital call and distribution notices.

(6) Alternative investment agreements and all related documents.

(b) Notwithstanding subsection (a), the following information contained in records described in subsection (a) regarding alternative investments in which institutional investment funds invest are subject to disclosure under this chapter and are not considered a trade secret or confidential financial information exempt from disclosure:

(1) The name, address, and vintage year of each alternative investment vehicle.

(2) The dollar amount of the commitment made to each alternative investment vehicle by the institutional investment fund since inception.

(3) The dollar amount of cash contributions by the institutional investment fund to each alternative investment vehicle since inception.

(4) The dollar amount, on a fiscal year-end basis, of cash distributions received by the institutional investment fund from each alternative investment vehicle.

(5) The dollar amount, on a fiscal year-end basis, of cash distributions received by the institutional investment fund plus the remaining value of partnership assets attributable to the institutional investment fund's investment in each alternative investment vehicle.

(6) The net internal rate of return of each alternative investment vehicle since inception.

(7) The investment multiple of each alternative investment vehicle since inception.

(8) The schedule of management fees and costs assessed by each alternative vehicle to the institutional investment fund.

(9) The dollar amount of cash profit received by institutional investment funds from each alternative vehicle on a fiscal year-end basis.

(c) The following definitions apply throughout this section:

(1) "Alternative investment" means an investment in a private equity fund, real estate fund, venture fund, hedge fund, natural resource, or absolute return fund.

(2) "Alternative investment vehicle" means a limited partnership, limited liability company, or similar legal structure that is not publicly traded through which an institutional investment fund invests in portfolio companies.

(3) "Institutional investment fund" means a fund that consists of money managed in an endowment fund, including a quasi-endowment, and the returns on the endowment fund, that is held and invested by a state educational institution (as defined in IC 20-12-0.5-1).

(4) "Portfolio positions" means individual portfolio investments made by alternative investment vehicles.

SECTION 4. IC 28-1-12-8 IS ADDED TO THE INDIANA

CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 8. (a) Unless otherwise provided in an agreement or a trust, a bank or trust company that holds funds or property as a fiduciary may use the funds or property to purchase from the bank, the trust company, or an affiliate of the bank or trust company, a product, service, or security, including an insurance product or security that is underwritten by the bank, the trust company, an affiliate of the bank or trust company, or a syndicate or selling group that includes the bank, the trust company, or an affiliate of the bank or trust company if the:**

(1) purchase price and any ongoing charges and costs are fair, reasonable, and substantially equivalent to the cost of similar products and services; and

(2) purchase complies with IC 30-4-3.5.

The compensation for the product, services, or security received by the bank, trust company, an affiliate of the bank or trust company, or a syndicate or selling group that includes the bank, the trust company, or an affiliate of the bank or trust company may be in addition to the compensation that the bank or trust company is otherwise entitled to from the fiduciary account.

(b) A bank or trust company that makes a purchase or sale described in subsection (a) shall disclose, at least annually, to each person entitled to receive statements of account activity from the bank or trust company any purchase or sale made by the bank or trust company during the year. The disclosure must be in writing or an electronic format and include the following:

(1) Any capacity in which the bank, the trust company, or an affiliate of the bank or trust company acts for:

(A) the issuer of the securities; or

(B) the provider of the products or services;

that is the subject of the purchase or sale.

(2) A statement that the bank, the trust company, or an affiliate of the bank or trust company has an interest in the subject of the purchase or sale, if applicable.

(3) The rate and method by which that compensation was determined.

(4) The name, telephone number, street address, and mailing address of an officer of the bank or trust company who may be contacted for further information.

(5) A notice that the bank's or trust company's ability to make transactions described in subsection (a) ends upon receipt at any time of a notice of objection by a majority of the persons entitled to receive statements of account activity.

(c) The following apply to a purchase or sale under subsection (a):

(1) Except as provided in subdivisions (2) and (3), if the fiduciary relationship is a trust or an agency, the trustee or agent shall treat the purchase or sale under subsection (a) as if it were a conflict of interest transaction under IC 30-4-3-5 and shall give any notice and obtain any consent that may be required under IC 30-4-3-5, subject to the following:

(A) IC 30-2-14-16 applies to any notice required to be given by a trustee or an agent under this subdivision, subject to the following:

(i) If the fiduciary relationship is a revocable trust

with one (1) or more living grantors, the trustee must give notice only to the living grantors, who shall be considered to have all income and principal interests in the trust at the time the notice is given. If a grantor is incapacitated, the trustee shall give notice to the grantor's court appointed guardian, the principal under a durable power of attorney, or a co-trustee of the revocable trust, unless the guardian, principal, or co-trustee is the bank or trust company that seeks the consent. If the representative of the incapacitated grantor is the bank or trust company that seeks the consent to a purchase or sale under subsection (a), the trustee shall obtain consent from the court.

(ii) If the fiduciary relationship is a revocable trust and the assets of the revocable trust are distributable to one (1) or more other trusts, notice shall be given to the trustees of the other trusts. However, if the bank or trust company that seeks the consent to a purchase or sale under subsection (a) is the trustee of another trust to which the assets of the revocable trust are distributable, the bank or trust company shall give notice to those beneficiaries of the other trust who are entitled to receive statements of account activity from the bank or trust company.

(iii) If the fiduciary relationship is an agency, the principal must consent to the purchase or sale under subsection (a) in writing in advance of the transaction. The principal shall be considered to have all income and principal interests in the account at the time the notice of the proposed transaction is given. If the principal is incapacitated, consent must be obtained from the principal's court appointed guardian, unless the guardian of the incapacitated principal is the bank or trust company that seeks the consent. If the guardian of the incapacitated principal is the bank or trust company that seeks the consent, consent to a purchase or sale under subsection (a) must be obtained from the court supervising the principal's guardianship.

(B) If the fiduciary relationship is a trust, the following apply with respect to any consent required to be obtained under IC 30-4-3-5(a)(2):

(i) Notwithstanding the requirement under IC 30-4-3-5(a)(2)(A) that all interested persons provide written consent to the proposed action, and subject to subdivision (2), a trustee, for a proposed purchase or sale under subsection (a), need only obtain the written consent of a majority of the persons entitled to notice under IC 30-2-14-16, as modified by this clause. However, the trustee must obtain the written consent of at least one (1) beneficiary who is receiving income under the trust at the time of the notice and at least one (1) individual who would receive a distribution of principal if the trust were terminated at the time notice is given.

(ii) Upon obtaining the written consents required

under item (i), the trustee need not wait until the period to make written objections under IC 30-2-14-16 ends, in order to take the proposed action.

(2) Any consent granted under subdivision (1)(B)(i) may be revoked by a writing signed by a majority of the persons entitled to notice under IC 30-2-14-16, as modified by this subdivision. However, the revocation must be signed by:

(A) at least one (1) beneficiary who is receiving income under the trust at the time the revocation is signed; and

(B) at least one (1) individual who would receive a distribution of principal if the trust were terminated at the time the revocation is signed.

(3) The notice and consent otherwise required under subdivision (1) are not required if the purchase or sale under subsection (a) is specifically authorized:

(A) in the document creating the fiduciary relationship; or

(B) under IC 30-4-3-7.

SECTION 5. IC 28-6.1-6-26 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 26. (a) Unless otherwise provided in an agreement or a trust, a savings bank that holds funds or property as a fiduciary may use the funds or property to purchase from the savings bank or an affiliate of the savings bank a product, service, or security, including an insurance product or security that is underwritten by the savings bank, an affiliate of the savings bank, or a syndicate or selling group that includes the savings bank or an affiliate of the savings bank, if:**

(1) the purchase price and any ongoing charges and costs are fair, reasonable, and substantially equivalent to the cost of similar products and services; and

(2) the purchase complies with IC 30-4-3.5.

The compensation for the product, service, or security received by the savings bank or an affiliate of the savings bank or a syndicate or selling group that includes the savings bank or an affiliate of the savings bank may be in addition to the compensation that the savings bank is otherwise entitled to from the fiduciary account.

(b) A savings bank that makes a purchase or sale described in subsection (a) shall disclose, at least annually, to each person entitled to receive statements of account activity from the savings bank any purchase or sale made by the savings bank during the year. The disclosure must be in writing or an electronic format and include the following:

(1) Any capacity in which the savings bank or an affiliate of the savings bank acts for:

(A) the issuer of the securities; or

(B) the provider of the products or services; that is the subject of the purchase or sale.

(2) A statement that the savings bank or an affiliate of the savings bank has an interest in the subject of the purchase or sale, if applicable.

(3) The rate and method by which that compensation was determined.

(4) The name, telephone number, street address, and mailing address of an officer of the savings bank who may

be contacted for further information.

(5) A notice that the savings bank's ability to make transactions described in subsection (a) ends upon receipt at any time of a notice of objection by a majority of the persons entitled to receive statements of account activity.

(c) The following apply to a purchase or sale under subsection (a):

(1) Except as provided in subdivisions (2) and (3), if the fiduciary relationship is a trust or an agency, the trustee or agent shall treat the purchase or sale under subsection (a) as if it were a conflict of interest transaction under IC 30-4-3-5 and shall give any notice and obtain any consent that may be required under IC 30-4-3-5, subject to the following:

(A) IC 30-2-14-16 applies to any notice required to be given by a trustee or an agent under this subdivision, subject to the following:

(i) If the fiduciary relationship is a revocable trust with one (1) or more living grantors, the trustee must give notice only to the living grantors, who shall be considered to have all income and principal interests in the trust at the time the notice is given. If a grantor is incapacitated, the trustee shall give notice to the grantor's court appointed guardian, the principal under a durable power of attorney, or a co-trustee of the revocable trust, unless the guardian, principal, or co-trustee is the savings bank that seeks the consent. If the representative of the incapacitated grantor is the savings bank that seeks the consent to a purchase or sale under subsection (a), the trustee shall obtain consent from the court.

(ii) If the fiduciary relationship is a revocable trust and the assets of the revocable trust are distributable to one (1) or more other trusts, notice shall be given to the trustees of the other trusts. However, if the savings bank that seeks the consent to a purchase or sale under subsection (a) is the trustee of another trust to which the assets of the revocable trust are distributable, the savings bank shall give notice to those beneficiaries of the other trust who are entitled to receive statements of account activity from the savings bank.

(iii) If the fiduciary relationship is an agency, the principal must consent to the purchase or sale under subsection (a) in writing in advance of the transaction. The principal shall be considered to have all income and principal interests in the account at the time the notice of the proposed transaction is given. If the principal is incapacitated, consent must be obtained from the principal's court appointed guardian, unless the guardian of the incapacitated principal is the savings bank that seeks the consent. If the guardian of the incapacitated principal is the savings bank that seeks the consent, consent to a purchase or sale under subsection (a) must be obtained from the court supervising the principal's guardianship.

(B) If the fiduciary relationship is a trust, the following

apply with respect to any consent required to be obtained under IC 30-4-3-5(a)(2):

(i) Notwithstanding the requirement under IC 30-4-3-5(a)(2)(A) that all interested persons provide written consent to the proposed action, and subject to subdivision (2), a trustee, for a proposed purchase or sale under subsection (a), need only obtain the written consent of a majority of the persons entitled to notice under IC 30-2-14-16, as modified by this clause. However, the trustee must obtain the written consent of at least one (1) beneficiary who is receiving income under the trust at the time of the notice and at least one (1) individual who would receive a distribution of principal if the trust were terminated at the time notice is given.

(ii) Upon obtaining the written consents required under item (i), the trustee need not wait until the period to make written objections under IC 30-2-14-16 ends, in order to take the proposed action.

(2) Any consent granted under subdivision (1)(B)(i) may be revoked by a writing signed by a majority of the persons entitled to notice under IC 30-2-14-16, as modified by this subdivision. However, the revocation must be signed by:

(A) at least one (1) beneficiary who is receiving income under the trust at the time the revocation is signed; and
(B) at least one (1) individual who would receive a distribution of principal if the trust were terminated at the time the revocation is signed.

(3) The notice and consent otherwise required under subdivision (1) are not required if the purchase or sale under subsection (a) is specifically authorized:

(A) in the document creating the fiduciary relationship; or
(B) under IC 30-4-3-7.

SECTION 6. IC 30-2-12-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) This chapter applies to an institutional fund in existence after June 30, 2007.

(b) For an institutional fund in existence before July 1, 2007, this chapter applies only to decisions made or actions taken after June 30, 2007.

SECTION 7. IC 30-2-12-1.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1.3. As used in this chapter, "charitable purpose" means the following:

- (1) Relief of poverty.
- (2) Advancement of education.
- (3) Advancement of religion.
- (4) Promotion of health.
- (5) Promotion of a governmental purpose.
- (6) Any other purpose the achievement of which benefits the community.

SECTION 8. IC 30-2-12-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. As used in this chapter, "endowment fund" means an institutional fund, or any part of the fund, not wholly expendable by the institution on a current

basis under the terms of the applicable gift instrument. **The term does not include assets that an institution designates as an endowment fund for the institution's use.**

SECTION 9. IC 30-2-12-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. As used in this chapter, "gift instrument" means a will, a deed, a grant, a conveyance, an agreement, a memorandum, a writing, or other governing document **record**, including the terms of any institutional solicitations, from which an institutional fund resulted) under which property is **granted or** transferred to or held by an institution as an institutional fund.

SECTION 10. IC 30-2-12-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. As used in this chapter, "institution" means any of the following:

(1) An approved institution of higher learning (as defined in IC 20-12-21-3) and its related foundations;

(2) An organization that:

(A) is an exempt organization under Section 501(c)(3) of the Internal Revenue Code;

(B) has an endowment fund with a fair market value of at least ten million dollars (\$10,000,000); and

(C) is not a religious organization;

(3) A community foundation or trust:

(1) A person, other than an individual, that is organized and operated exclusively for charitable purposes.

(2) The state, including any agency or instrumentality of the state, or a unit of local government to the extent that the state or unit holds funds exclusively for charitable purposes.

(3) A trust that has only charitable interests, including a trust:

(A) that previously had both charitable and noncharitable interests; and

(B) the noncharitable interests of which were previously terminated.

SECTION 11. IC 30-2-12-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) As used in this chapter, "institutional fund" means a fund held by an institution **exclusively for its exclusive use, benefit, or charitable purposes.** The term does not include the following:

(1) Except as provided in subsection (b), A fund held for an institution by a trustee that is not an institution.

(2) A fund in which a beneficiary that is not an institution has an interest, other than possible rights that could arise upon violation or failure of the purposes of the fund.

(3) Assets held by an institution primarily for charitable purposes and not primarily for investment purposes.

(b) The term includes a fund that is held exclusively for the benefit of a community foundation or trust regardless of the nature of the trustee or fiduciary.

SECTION 12. IC 30-2-12-6.4 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6.4. As used in this chapter, "person" means an individual, a corporation, a business trust, an estate, a trust, a partnership, a limited liability company, an association, a joint venture, a public corporation, the state of Indiana, a state agency or instrumentality, a unit of local government, or any other legal or commercial entity.

SECTION 13. IC 30-2-12-6.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6.7. As used in this chapter, "record" means information that is:

(1) inscribed on a tangible medium; or

(2) stored in an electronic or other medium; and is retrievable in a perceivable form.

SECTION 14. IC 30-2-12-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. Section 8 of this chapter does not apply if the applicable gift instrument indicates the donor's intention that net appreciation may not be expended. A restriction upon the expenditure of net appreciation may not be implied from a designation of a gift as an endowment, or from a direction or authorization in the applicable (a) Subject to the terms of a gift instrument, an institution may appropriate for expenditure or accumulate so much of an endowment fund that the institution determines is prudent for the uses, benefits, purposes, and duration of the endowment fund. Except as provided in a gift instrument, the assets in an endowment fund are donor restricted until appropriated by the institution.

(b) In determining to appropriate or accumulate endowment funds, an institution shall:

(1) act in good faith and with the care a prudent person acting in a like position would use under similar circumstances; and

(2) consider the following factors:

(A) The duration and preservation of the endowment fund.

(B) The purposes of the institution and the endowment fund.

(C) General economic conditions.

(D) The possible effects of inflation or deflation.

(E) The expected total return from income and the appreciation of investments.

(F) Other resources of the institution.

(G) The investment policy of the institution.

(c) To be effective, a gift instrument must specifically state a limitation on the authority of an institution to appropriate or accumulate under subsection (a).

(d) A gift instrument that designates a gift as an endowment or contains a direction or authorization to use only income, interest, dividends, rents, issues, or profits, or to preserve the principal intact, or a similar direction:

(1) creates an endowment fund of permanent duration unless the gift instrument states otherwise; and

(2) does not otherwise limit the authority to appropriate or accumulate under subsection (a).

SECTION 15. IC 30-2-12-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13. (a) With the written consent of the donor in a record, the governing board an institution may modify or release, in whole or in part, a restriction imposed by the applicable in a gift instrument on the use or management, investment, and purpose of an institutional fund.

(b) A release under this section may not allow an institutional fund to be used for purposes other than the charitable purposes of the institution affected.

(c) This section does not limit the application of the doctrine of cy pres or the ability of the governing body through legal or

equitable proceedings to obtain a release of a restriction in an applicable gift instrument.

(c) An institution may petition a court to modify, in a manner consistent with the donor's intentions to the extent practicable, a restriction in a gift instrument concerning the management or investment of an institutional fund if:

- (1) the restriction is impracticable or wasteful;
- (2) the restriction impairs the management or investment of the fund; or
- (3) due to unanticipated circumstances, the modification will further the purposes of the institutional fund.

An institution shall notify the attorney general of a petition under this subsection. A court shall provide the attorney general an opportunity to be heard on the petition.

(d) An institution may petition a court to modify, in a manner consistent with the gift instrument, the charitable purpose of a fund or a restriction on the use of a fund if the charitable purpose or use becomes unlawful, impracticable, impossible, or wasteful. An institution shall notify the attorney general of a petition under this subsection. A court shall provide the attorney general an opportunity to be heard on the petition.

(e) If an institution determines that a restriction in a gift instrument on the management, investment, or purpose of an institutional fund is unlawful, impracticable, impossible, or wasteful, the institution shall notify the attorney general. Not more than sixty (60) days after providing notice under this subsection, the institution may release or modify all or part of the restriction if:

- (1) the value of the institutional fund subject to the restriction is less than twenty-five thousand dollars (\$25,000);
- (2) the institutional fund was established more than twenty (20) years earlier; and
- (3) the institution uses the institutional fund in a manner consistent with the charitable purposes expressed in the gift instrument.

SECTION 16. IC 30-2-12-14 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 14. (a)** An institution that manages or invests an institutional fund shall consider the following:

- (1) The intent of a donor expressed in a gift instrument.
- (2) The charitable purposes of the institution.
- (3) The purposes of the institutional fund.

(b) A person who is responsible for managing or investing an institutional fund shall:

- (1) comply with the duty of loyalty imposed by any law; and
- (2) manage or invest the fund in good faith and with the care a prudent person acting in a like position would use under similar circumstances.

(c) An institution that manages or invests an institutional fund:

- (1) may only incur costs that are appropriate and reasonable in relation to:
 - (A) the assets of;
 - (B) the purposes of; and

(C) the skills available to; the institution; and

(2) shall make a reasonable effort to verify facts relevant to the management and investment of the fund.

(d) An institution may pool two (2) or more institutional funds for purposes of management or investment.

(e) Subject to the terms of a gift instrument, an institution or a person shall do the following:

(1) An institution that manages or invests an institutional fund shall consider the following factors:

- (A) General economic conditions.
- (B) The possible effects of inflation or deflation.
- (C) The possible tax consequences of investment decisions or strategies.
- (D) The role of each investment or course of action in relation to the overall investment portfolio of the institutional fund.
- (E) The expected total return from income and the appreciation of investments.
- (F) Other resources of the institution.
- (G) The needs of the institution and institutional fund to make distributions and to preserve capital.
- (H) The relationship or value of an asset to the charitable purposes of the institution.

(2) An institution shall make management and investment decisions about an individual asset:

- (A) in the context of an institutional fund's portfolio of investments as a whole and not in isolation; and
- (B) as part of an overall investment strategy that has risk and return objectives reasonably suited to the institutional fund and to the institution.

(3) Except as otherwise provided in law, an institution may invest in any kind of property or type of investment.

(4) An institution shall diversify the investments of an institutional fund unless the institution reasonably determines that, due to special circumstances, the purposes of the institutional fund are better served without diversification.

(5) Within a reasonable time after receiving property, an institution shall:

- (A) retain or dispose of the property; or
- (B) otherwise rebalance the investment portfolio;

to bring the institutional fund into compliance with the purposes, terms, and distribution requirements of the institution.

(6) A person that has, or represents to have, special skills or expertise shall use the skills or expertise to manage or invest institutional funds.

(7) Notwithstanding any other provision in this chapter, an institution may retain property contributed by a donor to an institutional fund as long as the governing board of the institution considers it advisable.

SECTION 17. IC 30-2-12-15 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 15. (a)** Subject to the terms of a gift instrument and except as provided in any other law, an institution may delegate to an agent the management or investment of an institutional fund. The institution shall act in

good faith and with the care a prudent person acting in a like position would use under similar circumstances in doing the following:

- (1) Selecting an agent.
- (2) Establishing the scope and terms of the delegation, subject to the purposes of the institution and the institutional fund.
- (3) Periodically reviewing the agent's actions to monitor the agent's performance of and compliance with the scope and terms of the delegation.

An institution that complies with this subsection is not liable for the decisions or actions of an agent to whom the management or investment of an institutional fund is delegated.

(b) An agent shall exercise reasonable care to perform a delegated function in compliance with the scope and terms of the delegation.

(c) An agent that accepts the delegation of a management or investment function from an institution submits to the jurisdiction of Indiana courts in all proceedings concerning the delegation or the performance of a delegated function.

(d) An institution may delegate management or investment functions to its committees, officers, or employees as otherwise provided by law.

SECTION 18. IC 30-2-12-16 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 16. Compliance with this chapter shall be determined in light of the facts and circumstances existing at the time a decision is made or action is taken and not by hindsight.**

SECTION 19. IC 30-2-12-17 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 17. (a) Except as provided in subsection (b), this chapter modifies, limits, and supersedes the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. 7001 et seq.**

(b) This chapter does not:

- (1) modify, limit, or supersede 15 U.S.C. 7001(a); or
- (2) authorize electronic delivery of a notice described in 15 U.S.C. 7003(b).

SECTION 20. IC 30-2-12-18 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 18. In applying and construing this chapter, consideration must be given to the need to promote uniformity of the law with respect to its subject matter among states that enact it.**

SECTION 21. IC 30-4-3-7, AS AMENDED BY P.L.238-2005, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 7. (a) Unless the terms of the trust provide otherwise or the transaction is authorized under IC 28-1-12-8 or IC 28-6.1-6-26, the trustee has a duty:**

- (1) not to loan funds to ~~himself the trustee~~ or an affiliate;
- (2) not to purchase or participate in the purchase of trust property from the trust for the trustee's own or an affiliate's account;
- (3) not to sell or participate in the sale of the trustee's own or an affiliate's property to the trust; or
- (4) if a corporate trustee, not to purchase for or retain in the trust its own or a parent or subsidiary corporation's stock,

bonds, or other capital securities. However, the trustee may retain such securities already held in trusts created prior to September 2, 1971.

(b) Unless the terms of the trust provide otherwise, a corporate trustee may invest in, purchase for, or retain in the trust its own or an affiliate's obligations, including savings accounts and certificates of deposit, without the investment, purchase, or retention constituting a conflict of interest under section 5 of this chapter.

(c) Unless the terms of the trust provide otherwise, a corporate trustee does not violate subsection (a) by investing in, purchasing for, or retaining in the trust its own or an affiliate's obligations, including savings accounts and certificates of deposit, if the payment of each obligation is fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, or any insurer approved by the department of financial institutions under IC 28-7-1-31.5.

(d) If the terms of the trust permit the trustee to deal with a beneficiary for the trustee's own account, the trustee has a duty to deal fairly with and to disclose to the beneficiary all material facts related to the transaction which the trustee knows or should know.

(e) Unless the terms of the trust provide otherwise, the trustee may sell, exchange, or participate in the sale or exchange of trust property from one (1) trust to ~~himself the trustee~~ as trustee of another trust, provided the sale or exchange is fair and reasonable with respect to the beneficiaries of both trusts and the trustee discloses to the beneficiaries of both trusts all material facts related to the sale or exchange which the trustee knows or should know.

(f) This section does not prohibit a trustee from enforcing or fulfilling any enforceable contract or agreement:

- (1) executed during the settlor's lifetime; and
- (2) between the settlor and the trustee in the trustee's individual capacity.

SECTION 22. IC 30-4-3-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 11. (~~Liability of the Trustee to the Beneficiary~~)**

(a) The trustee is accountable to the beneficiary for the trust estate.

(b) If the trustee commits a breach of trust, he is liable to the beneficiary for:

- (1) any loss or depreciation in the value of the trust property as a result of the breach;
- (2) any profit made by the trustee through the breach;
- (3) any reasonable profit which would have accrued on the trust property in the absence of a breach; and
- (4) reasonable attorney's fees incurred by the beneficiary in bringing an action on the breach.

(c) In the absence of a breach of trust, the trustee has no liability to the beneficiary either for any loss or depreciation in value of the trust property or for a failure to make a profit. **However, if:**

- (1) a loss or depreciation in value of the trust property; or
- (2) the trust's failure to make a profit;

is the result of a violation by the trustee of IC 28-1-12-8 or IC 28-6.1-6-26, one (1) or more beneficiaries of the trust may petition the court for any remedy described in subsection (b) or for removal of the trustee under section 22(a)(4) of this chapter, regardless of whether the transaction under IC 28-1-12-8 or IC 28-6.1-6-26 constitutes or involves a breach of trust. The

court may award one (1) or more remedies described in subsection (b) or remove the trustee, or both, if the court determines that the remedy or the removal of the trustee is in the best interests of all beneficiaries of the trust. The burden of proof is on the one (1) or more petitioning beneficiaries to demonstrate that the remedy or the removal of the trustee is in the best interests of all beneficiaries of the trust.

(d) The trustee is liable to the beneficiary for acts of an agent which, if committed by the trustee, would be a breach of the trust if ~~he~~ **the trustee**:

- (1) directs or permits the act of the agent;
- (2) delegates the authority to perform an act to the agent which ~~he~~ **the trustee** is under a duty not to delegate;
- (3) fails to use reasonable care in the selection or retention of the agent;
- (4) fails to exercise proper supervision over the conduct of the agent;
- (5) approves, acquiesces in, or conceals the act of the agent; or
- (6) fails to use reasonable effort to compel the agent to reimburse the trust estate for any loss or to account to the trust estate for any profit.

SECTION 23. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2007]: IC 30-2-12-1.5; IC 30-2-12-4; IC 30-2-12-7; IC 30-2-12-8; IC 30-2-12-10; IC 30-2-12-11; IC 30-2-12-12.

(Reference is to EHB 1505 as printed March 23, 2007.)

Bardon, Chair	Bray
Foley	Simpson
House Conferees	Senate Conferees

Roll Call 527: yeas 50, nays 0. Report adopted.

CONFERENCE COMMITTEE REPORT

EHB 1566-3

Madam President: Your Conference Committee appointed to confer with a like committee from the House upon Engrossed Senate Amendments to Engrossed House Bill 1566 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 4-13-16.5-1, AS AMENDED BY SEA 526-2007, SECTION 37, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) The ~~following~~ **definitions in this section** apply throughout this chapter.

~~(1)~~ **(b)** "Commission" refers to the governor's commission on minority and women's business enterprises established under section 2 of this chapter.

~~(2)~~ **(c)** "Commissioner" refers to the deputy commissioner for minority and women's business enterprises of the department.

~~(3)~~ **(d)** "Contract" means any contract awarded by a state agency for construction projects or the procurement of goods or services, including professional services.

~~(4)~~ **(e)** "Department" refers to the Indiana department of administration established by IC 4-13-1-2.

~~(5)~~ **(f)** "Minority business enterprise" or "minority business" means an individual, partnership, corporation, limited liability company, or joint venture of any kind that is owned and controlled by one (1) or more persons who are:

~~(A)~~ **(1)** United States citizens; and

~~(B)~~ **(2)** members of a minority group **or a qualified minority nonprofit corporation.**

~~(g)~~ **"Qualified minority or women's nonprofit corporation" means a corporation that:**

(1) is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code;

(2) is headquartered in Indiana;

(3) has been in continuous existence for at least five (5) years;

(4) has a board of directors that has been in compliance with all other requirements of this chapter for at least five (5) years;

(5) is chartered for the benefit of the minority community or women; and

(6) provides a service that will not impede competition among minority business enterprises or women's business enterprises at the time a nonprofit applies for certification as a minority business enterprise or a women's business enterprise.

~~(6)~~ **(h)** "Owned and controlled" means: ~~having:~~

(1) if the business is a qualified minority nonprofit corporation, a majority of the board of directors are minority;

(2) if the business is a qualified women's nonprofit corporation, a majority of the board of directors are women; or

(3) if the business is a business other than a qualified minority or women's nonprofit corporation, having:

(A) ownership of at least fifty-one percent (51%) of the enterprise, including corporate stock of a corporation;

(B) control over the management and active in the day-to-day operations of the business; and

(C) an interest in the capital, assets, and profits and losses of the business proportionate to the percentage of ownership.

~~(7)~~ **(i)** "Minority group" means:

~~(A)~~ **(1)** Blacks;

~~(B)~~ **(2)** American Indians;

~~(C)~~ **(3)** Hispanics;

~~(D)~~ **(4)** Asian Americans; and

~~(E)~~ **(5)** other similar minority groups. ~~as defined by 13 CFR 124.103.~~

~~(8)~~ **(j)** "Separate body corporate and politic" refers to an entity established by the general assembly as a body corporate and politic.

~~(9)~~ **(k)** "State agency" refers to any authority, board, branch, commission, committee, department, division, or other instrumentality of the executive, including the administrative, department of state government

SECTION 2. IC 4-13-16.5-1.3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1.3. As used in this chapter, "women's business enterprise" means a business that is one

(1) of the following:

- (1) A sole proprietorship owned and controlled by a woman.
- (2) A partnership or joint venture owned and controlled by women in which:
 - (A) at least fifty-one percent (51%) of the ownership is held by women; and
 - (B) the management and daily business operations ~~of which~~ are controlled by at least one (1) of the women who owns the business.
- (3) A corporation or other entity:
 - (A) whose management and daily business operations are controlled by at least one (1) of the women who owns the business; and
 - (B) that is at least fifty-one percent (51%) owned by women, or if stock is issued, at least fifty-one percent (51%) of the stock is owned by at least one (1) of the women.

(4) A qualified women's nonprofit corporation as defined in IC 4-13-16.5-1(g) and IC 4-13-16.5-1(h).

SECTION 3. IC 4-13-16.5-2, AS AMENDED BY P.L.4-2005, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) There is established a governor's commission on minority and women's business enterprises. The commission shall consist of the following members:

- (1) A governor's designee, who shall serve as chairman of the commission.
- (2) The commissioner of the Indiana department of transportation.
- (3) The chairperson of the board of the Indiana economic development corporation or the chairperson's designee.
- (4) The commissioner of the department.
- (5) Nine (9) individuals with demonstrated capabilities in business and industry, especially minority and women's business enterprises, appointed by the governor from the following geographical areas of the state:
 - (A) Three (3) from the northern one-third (1/3) of the state.
 - (B) Three (3) from the central one-third (1/3) of the state.
 - (C) Three (3) from the southern one-third (1/3) of the state.
- (6) Two (2) members of the house of representatives, no more than one (1) from the same political party, appointed by the speaker of the house of representatives to serve in a nonvoting advisory capacity.
- (7) Two (2) members of the senate, no more than one (1) from the same political party, appointed by the president pro tempore of the senate to serve in a nonvoting advisory capacity.

Not more than six (6) of the ten (10) members appointed or designated by the governor may be of the same political party. Appointed members of the commission shall serve four (4) year terms. A vacancy occurs if a legislative member leaves office for any reason. Any vacancy on the commission shall be filled in the same manner as the original appointment.

(b) Each member of the commission who is not a state employee is entitled to the following:

- (1) The minimum salary per diem provided by IC 4-10-11-2.1(b).
- (2) Reimbursement for traveling expenses and other expenses

actually incurred in connection with the member's duties as provided under IC 4-13-1-4 and in the state travel policies and procedures established by the Indiana department of administration and approved by the budget agency.

(c) Each legislative member of the commission is entitled to receive the same per diem, mileage, and travel allowances established by the legislative council and paid to members of the general assembly serving on interim study committees. The allowances specified in this subsection shall be paid by the legislative services agency from the amounts appropriated for that purpose.

(d) A member of the commission who is a state employee but who is not a member of the general assembly is not entitled to any of the following:

- (1) The minimum salary per diem provided by IC 4-10-11-2.1(b).
- (2) Reimbursement for traveling expenses as provided under IC 4-13-1-4.
- (3) Other expenses actually incurred in connection with the member's duties.

(e) The commission shall meet at least four (4) times each year and at other times as the chairman considers necessary.

(f) The duties of the commission shall include but not be limited to the following:

- (1) Identify minority and women's business enterprises in the state.
- (2) Assess the needs of minority and women's business enterprises.
- (3) Initiate aggressive programs to assist minority and women's business enterprises in obtaining state contracts.
- (4) Give special publicity to procurement, bidding, and qualifying procedures.
- (5) Include minority and women's business enterprises on solicitation mailing lists.

(6) Evaluate the competitive differences between qualified minority or women's nonprofit corporations and other than qualified minority or women's nonprofit corporations that offer similar services and make recommendation to the department on policy changes necessary to ensure fair competition among minority and women's business enterprises.

~~(7)~~ (7) Define the duties, goals, and objectives of the deputy commissioner of the department as created under this chapter to assure compliance by all state agencies, separate bodies corporate and politic, and state educational institutions with state and federal legislation and policy concerning the awarding of contracts **(including, notwithstanding section 1(d) of this chapter or any other law, contracts of state educational institutions)** to minority and women's business enterprises.

~~(8)~~ (8) Establish annual goals:

- (A) for the use of minority and women's business enterprises; and
- (B) derived from a statistical analysis of utilization study of state contracts **(including, notwithstanding section 1(d) of this chapter or any other law, contracts of state educational institutions)** that are required to be updated every five (5) years.

~~(8)~~ (9) Prepare a review of the commission and the various affected departments of government to be submitted to the governor and the legislative council on March 1 and October 1 of each year, evaluating progress made in the areas defined in this subsection.

(10) Ensure that the statistical analysis required under this section:

(A) is based on goals for participation of minority business enterprises established in *Richmond v. Croson*, 488 U.S. 469 (1989);

(B) includes information on both contracts and subcontracts (including, notwithstanding section 1(d) of this chapter or any other law, contracts and subcontracts of state educational institutions); and

(C) uses data on the combined capacity of minority and women's businesses enterprises in Indiana and not just regional data.

(g) The department shall adopt rules of ethics under IC 4-22-2 for commission members other than commission members appointed under subsection (a)(6) or (a)(7).

(h) The department shall furnish administrative support and staff as is necessary for the effective operation of the commission.

SECTION 4. IC 4-13-16.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) There is created in the department a deputy commissioner for minority and women's business enterprise development. Upon consultation with the commission, the commissioner of the department, with the approval of the governor, shall appoint an individual who possesses demonstrated capability in business or industry, especially in minority or women's business enterprises, to serve as deputy commissioner to work with the commission in the implementation of this chapter.

(b) The deputy commissioner shall do the following:

(1) Identify and certify minority and women's business enterprises for state projects.

(2) Establish a central certification file.

(3) Periodically update the certification status of each minority or women's business enterprise.

(4) Monitor the progress in achieving the goals established under section ~~2(f)(7)~~ **2(f)(8)** of this chapter.

(5) Require all state agencies, separate bodies corporate and politic, and state educational institutions to report on planned and actual participation of minority and women's business enterprises in contracts awarded by state agencies. The commissioner may exclude from the reports uncertified minority and women's business enterprises.

(6) Determine and define opportunities for minority and women's business participation in contracts awarded by all state agencies, separate bodies corporate and politic, and state educational institutions.

(7) Implement programs initiated by the commission under section 2 of this chapter.

(8) Perform other duties as defined by the commission or by the commissioner of the department.

SECTION 5. IC 4-13-16.5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) Before January 1 of even-numbered years, the department shall determine whether, during the most recently completed two (2) year period

ending the previous July 1, the goals set under section ~~2(f)(7)~~ **2(f)(8)** of this chapter have been met.

(b) The department shall adopt rules under IC 4-22-2 to ensure that the goals set under section 2(f)(7) of this chapter are met. Expenditures with business enterprises that qualify as both a minority business enterprise and a women's business enterprise may be counted toward the attainment of the goal for either:

(1) minority business enterprises; or

(2) women's business enterprises;

at the election made by the procurer of goods, services, or goods and services, but not both.

SECTION 6. IC 4-13-16.5-8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) **This section applies to a contractor whose offer designated minority businesses or women's business enterprises to furnish any supplies or perform any work under the contract awarded to the contractor.**

(b) **As used in this section, "contract" refers to any of the following:**

(1) A contract for the purchase of supplies by a state agency.

(2) A contract for the performance of services for a state agency.

(3) A public works contract (as defined in IC 4-13.6-1-14).

(4) A contract to perform professional services (as defined in IC 4-13.6-1-11) in connection with a public works contract.

(c) **As used in this section, "contractor" refers to a person awarded a contract by a state agency.**

(d) **As used in this section, "offer" means a response to a solicitation. The term includes a bid, proposal, and quote.**

(e) **As used in this section, "solicitation" means the procedure by which a state agency invites persons to submit an offer to enter into a contract with the state agency. The term includes an invitation for bids, a request for proposals, and a request for quotes.**

(f) **Before beginning work on a contract, a contractor shall do the following:**

(1) Notify in writing each minority business and women's business enterprise designated in the contractor's offer that the contractor has been awarded the contract.

(2) Give copies of each notification to the state agency that awarded the contract.

(g) **If a contractor fails to comply with subsection (f), the awarding state agency may consider the failure a breach of contract and do any of the following:**

(1) Cancel the contract.

(2) Collect from the contractor all funds paid to the contractor under the contract.

(3) Exercise any of the state's rights set out in the contract.

(4) Use the failure as a basis for finding the contractor not responsible when awarding other contracts.

SECTION 7. IC 4-13-16.5-9 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) **The department shall adopt rules under IC 4-22-2 to establish procedures to resolve grievances arising under this chapter.**

(b) The rules may include informal procedures to resolve grievances.

(c) The procedures established under the rules must provide for final resolution of grievances before either of the following:

(1) A panel of three (3) commission members. A panel formed under this subdivision must consist of at least two (2) commission members described in section 2(a)(5) of this chapter.

(2) The commission. However, if the commission acts to resolve a grievance under this subdivision, members of the commission described in section 2(a)(6) or 2(a)(7) of this chapter may not participate in the proceeding.

(d) Final resolution of grievances arising under this chapter are subject to IC 4-21.5.

SECTION 8. [EFFECTIVE JULY 1, 2007] (a) Notwithstanding the provisions in IC 4-13-16.5-2, as amended by this act, requiring that statistical analysis of the use of minority and women's business enterprises must be updated every five (5) years, the commission on minority and women's business enterprises shall:

- (1) conduct; or
- (2) enter into a contract for;

the statistical analysis of the use of minority and women's business enterprises during the fiscal year beginning July 1, 2007, and ending June 30, 2008.

(b) The criteria for the analysis in IC 4-13-16.5-2, as amended by this act, must be used for the statistical analysis required under this SECTION.

(c) This SECTION expires December 31, 2008.

(Reference is to EHB 1566 as reprinted April 11, 2007.)

Crawford, Chair	Ford
Duncan	Simpson
House Conferees	Senate Conferees

Roll Call 528: yeas 48, nays 0. Report adopted.

CONFERENCE COMMITTEE REPORT

EHB 1738-1

Madam President: Your Conference Committee appointed to confer with a like committee from the House upon Engrossed Senate Amendments to Engrossed House Bill 1738 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

Page 1, delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning water resources.

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 14-25-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) Except as provided in section 8 of this chapter and subject to section 2.5 of this chapter, the commission may contract with a person for the provision of certain minimum quantities of stream flow or for the sale of water on a unit pricing basis. A contract for the provision of

minimum stream flows or for the sale of water on a unit pricing basis:

- (1) must be executed by the commission; and
- (2) is subject to approval by the following:
 - (A) The attorney general.
 - (B) The governor.
 - (C) The person desiring the use.

(b) A contract entered into under this chapter may not cover a period of more than fifty (50) years.

(c) Before the submission of the contract to the governor for approval, the commission shall submit a copy of the contract to the department. The department shall, within twenty (20) days of receipt, do the following:

- (1) Prepare a memorandum relative to the effect that the contract might have on recreational facilities.
- (2) Submit the memorandum to the governor for the governor's consideration.

SECTION 2. IC 14-25-2-2.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2.5. (a) As used in this chapter, "water utility" means:

- (1) a public utility (as defined in IC 8-1-2-1(a));
- (2) a municipally owned utility (as defined in IC 8-1-2-1(h));
- (3) a not-for-profit utility (as defined in IC 8-1-2-125(a));
- (4) a cooperatively owned corporation;
- (5) a conservancy district established under IC 14-33; or
- (6) a regional water district established under IC 13-26;

that provides water service to the public.

(b) A person that seeks to contract with the commission for the provision of certain minimum quantities of stream flow or the sale of water on a unit pricing basis under section 2 of this chapter must submit a request to the commission and the department. The commission shall not make a determination as to whether to enter into a contract with the person making the request until:

- (1) the procedures set forth in this section have been followed; and
- (2) the commission has reviewed and considered each report submitted to the commission under subsection (i).

(c) Not later than thirty (30) days after receiving a request under subsection (b), the department shall provide, by certified mail, written notice of the request to the following:

- (1) Each person with whom the commission holds a contract for:
 - (A) the provision of certain minimum quantities of stream flow; or
 - (B) the sale of water on a unit pricing basis; as of the date of the request.
- (2) The executive and legislative body of each:
 - (A) county;
 - (B) municipality, if any; and
 - (C) conservancy district established under IC 14-33, if any;

in which the water sought in the request would be used.

- (3) The executive and legislative body of each:
 - (A) county;
 - (B) municipality, if any; and

(C) conservancy district established under IC 14-33, if any;

in which the affected reservoir is located.

(d) Not later than seven (7) days after receiving a notice from the department under subsection (c), each person described in subsection (c)(1) shall, by certified mail, provide written notice of the request to each:

- (1) water utility; or
- (2) other person;

that contracts with the person described in subsection (c)(1) for the purchase of water for resale. Each person to whom notice is mailed under this subsection is in turn responsible for providing written notice by certified mail to each water utility or other person that purchases water from that person for resale. A water utility or another person required to provide notice under this subsection shall mail the required notice not later than seven (7) days after it receives notice of the request from the water utility or other person from whom it purchases water for resale.

(e) At the same time that:

- (1) a person described in subsection (c)(1); or
- (2) a water utility or another person described in subsection (d);

mails any notice required under subsection (d), it shall also mail to the department, by certified mail, a list of the names and addresses of each water utility or other person to whom it has mailed the notice under subsection (d).

(f) In addition to the mailed notice required under subsection (c), the department shall publish notice of the request, in accordance with IC 5-3-1, in each county:

- (1) in which a person described in section (c)(1) is located;
- (2) in which the affected reservoir is located;
- (3) in which the water sought in the request would be used; and
- (4) in which a water utility or other person included in a list received by the department under subsection (e) is located.

Notwithstanding IC 5-3-1-6, in each county in which publication is required under this subsection, notice shall be published in at least one (1) general circulation newspaper in the county. The department may, in its discretion, publish public notices in a qualified publication (as defined in IC 5-3-1-0.7) or additional newspapers to provide supplementary notification to the public. The cost of publishing supplementary notification is a proper expenditure of the department.

(g) A notice required to be mailed or published under this section must:

- (1) identify the person making the request;
- (2) include a brief description of:
 - (A) the nature of the pending request;
 - (B) the process by which the commission will determine whether to enter into a contract with the person making the request; and
- (3) set forth the date, time, and location of the public meeting required under subsection (h); and
- (4) in the case of a notice that is required to be mailed under subsection (c)(1) or (d), a statement of the

recipient's duty to in turn provide notice to any:

- (A) water utility; or
- (B) other person;

that purchases water for resale from the recipient, in accordance with subsection (d).

(h) The advisory council established by IC 14-9-6-1 shall hold a public meeting in each county in which notice is published under subsection (f). A public meeting required under this subsection must include the following:

- (1) A presentation by the department describing:
 - (A) the nature of the pending request; and
 - (B) the process by which the commission will determine whether to enter into a contract with the person making the request.
- (2) An opportunity for public comment on the pending request.

The advisory council may appoint a hearing officer to assist with a public meeting held under this subsection.

(i) Not later than thirty (30) days after a public meeting is held under subsection (h), the advisory council shall submit to the commission a report summarizing the public meeting.

SECTION 3. IC 35-43-1-5, AS ADDED BY SEA 286-2007, SECTION 35, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) A person who, with the intent to cause serious bodily injury, tampers with a:

- (1) water supply;
- (2) water treatment plant (as defined in IC 13-11-2-264); or
- (3) water distribution system (as defined in IC 13-11-2-259);

commits tampering with a water supply, a Class B felony. However, the offense is a Class A felony if it results in the death of any person.

(b) A person who recklessly, knowingly, or intentionally poisons a public water supply with the intent to cause serious bodily injury commits poisoning, a Class B felony.

SECTION 4. IC 35-45-3-2, AS AMENDED BY SEA 286-2007, SECTION 36, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) A person who recklessly, knowingly, or intentionally places or leaves refuse on property of another person, except in a container provided for refuse, commits littering, a Class B infraction. However, the offense is a Class A infraction if the refuse is placed or left in, on, or within one hundred (100) feet of a body of water that is under the jurisdiction of the:

- (1) department of natural resources; or
- (2) United States Army Corps of Engineers.

Notwithstanding IC 34-28-5-4(a), a judgment of at least not more than one thousand dollars (\$1,000) shall be imposed for each Class A infraction committed under this section.

(b) "Refuse" includes solid and semisolid wastes, dead animals, and offal.

(c) Evidence that littering was committed from a moving vehicle other than a public conveyance constitutes prima facie evidence that it was committed by the operator of that vehicle.

SECTION 5. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "committee" refers to the water resources study committee established by IC 2-5-25-1.

(b) The committee shall study and make findings and recommendations concerning the following:

- (1) Current processes and methods used in determining water resource allocation and distribution in Indiana.
- (2) Appropriate policies governing future water resource allocation and distribution planning in Indiana.
- (c) The committee shall report its finding and recommendations to the legislative council in an electronic format under IC 5-14-6 not later than November 1, 2007.

SECTION 4. An emergency is declared for this act.
(Reference is to EHB 1738 as printed March 30, 2007.)

Welch, Chair	Gard
Koch	Simpson
House Conferees	Senate Conferees

Roll Call 529: yeas 49, nays 0. Report adopted.

CONFERENCE COMMITTEE REPORT
ESB 49-1

Madam President: Your Conference Committee appointed to confer with a like committee from the House upon Engrossed House Amendments to Engrossed Senate Bill 49 respectfully reports that said two committees have conferred and agreed as follows to wit: that the Senate recede from its dissent from all House amendments and that the Senate now concur in all House amendments to the bill and that the bill be further amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning trusts and fiduciaries.

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 28-1-12-8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 8. (a) Unless otherwise provided in an agreement or a trust, a bank or trust company that holds funds or property as a fiduciary may use the funds or property to purchase from the bank, the trust company, or an affiliate of the bank or trust company, a product, service, or security, including an insurance product or security that is underwritten by the bank, the trust company, an affiliate of the bank or trust company, or a syndicate or selling group that includes the bank, the trust company, or an affiliate of the bank or trust company if the:**

- (1) purchase price and any ongoing charges and costs are fair, reasonable, and substantially equivalent to the cost of similar products and services; and
- (2) purchase complies with IC 30-4-3.5.

The compensation for the product, services, or security received by the bank, trust company, an affiliate of the bank or trust company, or a syndicate or selling group that includes the bank, the trust company, or an affiliate of the bank or trust company may be in addition to the compensation that the bank or trust company is otherwise entitled to from the fiduciary account.

(b) A bank or trust company that makes a purchase or sale described in subsection (a) shall disclose, at least annually, to each person entitled to receive statements of account activity from the bank or trust company any purchase or sale made by the bank or trust company during the year. The disclosure must be in writing or an electronic format and include the following:

(1) Any capacity in which the bank, the trust company, or an affiliate of the bank or trust company acts for:

- (A) the issuer of the securities; or
- (B) the provider of the products or services; that is the subject of the purchase or sale.

(2) A statement that the bank, the trust company, or an affiliate of the bank or trust company has an interest in the subject of the purchase or sale, if applicable.

(3) The rate and method by which that compensation was determined.

(4) The name, telephone number, street address, and mailing address of an officer of the bank or trust company who may be contacted for further information.

(5) A notice that the bank's or trust company's ability to make transactions described in subsection (a) ends upon receipt at any time of a notice of objection by a majority of the persons entitled to receive statements of account activity.

(c) The following apply to a purchase or sale under subsection (a):

(1) Except as provided in subdivisions (2) and (3), if the fiduciary relationship is a trust or an agency, the trustee or agent shall treat the purchase or sale under subsection (a) as if it were a conflict of interest transaction under IC 30-4-3-5 and shall give any notice and obtain any consent that may be required under IC 30-4-3-5, subject to the following:

(A) IC 30-2-14-16 applies to any notice required to be given by a trustee or an agent under this subdivision, subject to the following:

(i) If the fiduciary relationship is a revocable trust with one (1) or more living grantors, the trustee must give notice only to the living grantors, who shall be considered to have all income and principal interests in the trust at the time the notice is given. If a grantor is incapacitated, the trustee shall give notice to the grantor's court appointed guardian, the principal under a durable power of attorney, or a co-trustee of the revocable trust, unless the guardian, principal, or co-trustee is the bank or trust company that seeks the consent. If the representative of the incapacitated grantor is the bank or trust company that seeks the consent to a purchase or sale under subsection (a), the trustee shall obtain consent from the court.

(ii) If the fiduciary relationship is a revocable trust and the assets of the revocable trust are distributable to one (1) or more other trusts, notice shall be given to the trustees of the other trusts. However, if the bank or trust company that seeks the consent to a purchase or sale under subsection (a) is the trustee of another trust to which the assets of the revocable trust are distributable, the bank or trust company shall give notice to those beneficiaries of the other trust who are entitled to receive statements of account activity from the bank or trust company.

(iii) If the fiduciary relationship is an agency, the principal must consent to the purchase or sale under

subsection (a) in writing in advance of the transaction. The principal shall be considered to have all income and principal interests in the account at the time the notice of the proposed transaction is given. If the principal is incapacitated, consent must be obtained from the principal's court appointed guardian, unless the guardian of the incapacitated principal is the bank or trust company that seeks the consent. If the guardian of the incapacitated principal is the bank or trust company that seeks the consent, consent to a purchase or sale under subsection (a) must be obtained from the court supervising the principal's guardianship.

(B) If the fiduciary relationship is a trust, the following apply with respect to any consent required to be obtained under IC 30-4-3-5(a)(2):

(i) Notwithstanding the requirement under IC 30-4-3-5(a)(2)(A) that all interested persons provide written consent to the proposed action, and subject to subdivision (2), a trustee, for a proposed purchase or sale under subsection (a), need only obtain the written consent of a majority of the persons entitled to notice under IC 30-2-14-16, as modified by subdivision (1)(A). However, the trustee must obtain the written consent of at least one (1) beneficiary who is receiving income under the trust at the time of the notice and at least one (1) individual who would receive a distribution of principal if the trust were terminated at the time notice is given.

(ii) Upon obtaining the written consents required under item (i), the trustee need not wait until the period to make written objections under IC 30-2-14-16 ends, in order to take the proposed action.

(2) Any consent granted under subdivision (1)(B)(i) may be revoked by a writing signed by a majority of the persons entitled to notice under IC 30-2-14-16, as modified by subdivision (1)(A). However, the revocation must be signed by:

(A) at least one (1) beneficiary who is receiving income under the trust at the time the revocation is signed; and
(B) at least one (1) individual who would receive a distribution of principal if the trust were terminated at the time the revocation is signed.

(3) The notice and consent otherwise required under subdivision (1) are not required if the purchase or sale under subsection (a) is specifically authorized:

(A) in the document creating the fiduciary relationship; or
(B) under IC 30-4-3-7.

SECTION 2. IC 28-6.1-6-26 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 26. (a) Unless otherwise provided in an agreement or a trust, a savings bank that holds funds or property as a fiduciary may use the funds or property to purchase from the savings bank or an affiliate of the savings bank a product, service, or security, including an insurance

product or security that is underwritten by the savings bank, an affiliate of the savings bank, or a syndicate or selling group that includes the savings bank or an affiliate of the savings bank, if:

- (1) the purchase price and any ongoing charges and costs are fair, reasonable, and substantially equivalent to the cost of similar products and services; and
- (2) the purchase complies with IC 30-4-3.5.

The compensation for the product, service, or security received by the savings bank or an affiliate of the savings bank or a syndicate or selling group that includes the savings bank, or an affiliate of the savings bank, may be in addition to the compensation that the savings bank is otherwise entitled to from the fiduciary account.

(b) A savings bank that makes a purchase or sale described in subsection (a) shall disclose, at least annually, to each person entitled to receive statements of account activity from the savings bank any purchase or sale made by the savings bank during the year. The disclosure must be in writing or an electronic format and include the following:

(1) Any capacity in which the savings bank or an affiliate of the savings bank acts for:

- (A) the issuer of the securities; or
- (B) the provider of the products or services;

that is the subject of the purchase or sale.

(2) A statement that the savings bank or an affiliate of the savings bank has an interest in the subject of the purchase or sale, if applicable.

(3) The rate and method by which that compensation was determined.

(4) The name, telephone number, street address, and mailing address of an officer of the savings bank who may be contacted for further information.

(5) A notice that the savings bank's ability to make transactions described in subsection (a) ends upon receipt at any time of a notice of objection by a majority of the persons entitled to receive statements of account activity.

(c) The following apply to a purchase or sale under subsection (a):

(1) Except as provided in subdivisions (2) and (3), if the fiduciary relationship is a trust or an agency, the trustee or agent shall treat the purchase or sale under subsection (a) as if it were a conflict of interest transaction under IC 30-4-3-5 and shall give any notice and obtain any consent that may be required under IC 30-4-3-5, subject to the following:

(A) IC 30-2-14-16 applies to any notice required to be given by a trustee or an agent under this subdivision, subject to the following:

(i) If the fiduciary relationship is a revocable trust with one (1) or more living grantors, the trustee must give notice only to the living grantors, who shall be considered to have all income and principal interests in the trust at the time the notice is given. If a grantor is incapacitated, the trustee shall give notice to the grantor's court appointed guardian, the principal under a durable power of attorney, or a co-trustee of the revocable trust, unless the guardian, principal, or co-trustee is the savings bank that seeks

the consent. If the representative of the incapacitated grantor is the savings bank that seeks the consent to a purchase or sale under subsection (a), the trustee shall obtain consent from the court.

(ii) If the fiduciary relationship is a revocable trust and the assets of the revocable trust are distributable to one (1) or more other trusts, notice shall be given to the trustees of the other trusts. However, if the savings bank that seeks the consent to a purchase or sale under subsection (a) is the trustee of another trust to which the assets of the revocable trust are distributable, the savings bank shall give notice to those beneficiaries of the other trust who are entitled to receive statements of account activity from the savings bank.

(iii) If the fiduciary relationship is an agency, the principal must consent to the purchase or sale under subsection (a) in writing in advance of the transaction. The principal shall be considered to have all income and principal interests in the account at the time the notice of the proposed transaction is given. If the principal is incapacitated, consent must be obtained from the principal's court appointed guardian, unless the guardian of the incapacitated principal is the savings bank that seeks the consent. If the guardian of the incapacitated principal is the savings bank that seeks the consent, consent to a purchase or sale under subsection (a) must be obtained from the court supervising the principal's guardianship.

(B) If the fiduciary relationship is a trust, the following apply with respect to any consent required to be obtained under IC 30-4-3-5(a)(2):

(i) Notwithstanding the requirement under IC 30-4-3-5(a)(2)(A) that all interested persons provide written consent to the proposed action, and subject to subdivision (2), a trustee, for a proposed purchase or sale under subsection (a), need only obtain the written consent of a majority of the persons entitled to notice under IC 30-2-14-16, as modified by this clause. However, the trustee must obtain the written consent of at least one (1) beneficiary who is receiving income under the trust at the time of the notice and at least one (1) individual who would receive a distribution of principal if the trust were terminated at the time notice is given.

(ii) Upon obtaining the written consents required under item (i), the trustee need not wait until the period to make written objections under IC 30-2-14-16 ends, in order to take the proposed action.

(2) Any consent granted under subdivision (1)(B)(i) may be revoked by a writing signed by a majority of the persons entitled to notice under IC 30-2-14-16, as modified by subdivision (1)(A). However, the revocation must be signed by:

(A) at least one (1) beneficiary who is receiving income

under the trust at the time the revocation is signed; and (B) at least one (1) individual who would receive a distribution of principal if the trust were terminated at the time the revocation is signed.

(3) The notice and consent otherwise required under subdivision (1) is not required if the purchase or sale under subsection (a) is specifically authorized:

(A) in the document creating the fiduciary relationship; or

(B) under IC 30-4-3-7.

SECTION 3. IC 30-4-3-7, AS AMENDED BY P.L.238-2005, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) Unless the terms of the trust provide otherwise **or the transaction is authorized under IC 28-1-12-8 or IC 28-6.1-6-26**, the trustee has a duty:

(1) not to loan funds to **himself the trustee** or an affiliate;

(2) not to purchase or participate in the purchase of trust property from the trust for the trustee's own or an affiliate's account;

(3) not to sell or participate in the sale of the trustee's own or an affiliate's property to the trust; or

(4) if a corporate trustee, not to purchase for or retain in the trust its own or a parent or subsidiary corporation's stock, bonds, or other capital securities. However, the trustee may retain such securities already held in trusts created prior to September 2, 1971.

(b) Unless the terms of the trust provide otherwise, a corporate trustee may invest in, purchase for, or retain in the trust its own or an affiliate's obligations, including savings accounts and certificates of deposit, without the investment, purchase, or retention constituting a conflict of interest under section 5 of this chapter.

(c) Unless the terms of the trust provide otherwise, a corporate trustee does not violate subsection (a) by investing in, purchasing for, or retaining in the trust its own or an affiliate's obligations, including savings accounts and certificates of deposit, if the payment of each obligation is fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, or any insurer approved by the department of financial institutions under IC 28-7-1-31.5.

(d) If the terms of the trust permit the trustee to deal with a beneficiary for the trustee's own account, the trustee has a duty to deal fairly with and to disclose to the beneficiary all material facts related to the transaction which the trustee knows or should know.

(e) Unless the terms of the trust provide otherwise, the trustee may sell, exchange, or participate in the sale or exchange of trust property from one (1) trust to **himself the trustee** as trustee of another trust, provided the sale or exchange is fair and reasonable with respect to the beneficiaries of both trusts and the trustee discloses to the beneficiaries of both trusts all material facts related to the sale or exchange which the trustee knows or should know.

(f) This section does not prohibit a trustee from enforcing or fulfilling any enforceable contract or agreement:

(1) executed during the settlor's lifetime; and

(2) between the settlor and the trustee in the trustee's individual capacity.

SECTION 4. IC 30-4-3-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 11. (~~Liability of the~~

~~Trustee to the Beneficiary~~) (a) The trustee is accountable to the beneficiary for the trust estate.

(b) If the trustee commits a breach of trust, he is liable to the beneficiary for:

- (1) any loss or depreciation in the value of the trust property as a result of the breach;
- (2) any profit made by the trustee through the breach;
- (3) any reasonable profit which would have accrued on the trust property in the absence of a breach; and
- (4) reasonable attorney's fees incurred by the beneficiary in bringing an action on the breach.

(c) In the absence of a breach of trust, the trustee has no liability to the beneficiary either for any loss or depreciation in value of the trust property or for a failure to make a profit. **However, if:**

- (1) a loss or depreciation in value of the trust property; or**
- (2) the trust's failure to make a profit;**

is the result of a violation by the trustee of IC 28-1-12-8 or IC 28-6.1-6-26, one (1) or more beneficiaries of the trust may petition the court for any remedy described in subsection (b) or for removal of the trustee under section 22(a)(4) of this chapter, regardless of whether the transaction under IC 28-1-12-8 or IC 28-6.1-6-26 constitutes or involves a breach of trust. The court may award one (1) or more remedies described in subsection (b) or remove the trustee, or both, if the court determines that the remedy or removal of the trustee is in the best interests of all beneficiaries of the trust. The burden of proof is on the one (1) or more petitioning beneficiaries to demonstrate that the remedy or removal of the trustee is in the best interests of all beneficiaries of the trust.

(d) The trustee is liable to the beneficiary for acts of an agent which, if committed by the trustee, would be a breach of the trust if ~~he~~ **the trustee:**

- (1) directs or permits the act of the agent;
- (2) delegates the authority to perform an act to the agent which he is under a duty not to delegate;
- (3) fails to use reasonable care in the selection or retention of the agent;
- (4) fails to exercise proper supervision over the conduct of the agent;
- (5) approves, acquiesces in or conceals the act of the agent; or
- (6) fails to use reasonable effort to compel the agent to reimburse the trust estate for any loss or to account to the trust estate for any profit.

SECTION 5. IC 30-4-4-5, AS ADDED BY P.L.238-2005, SECTION 41, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) A trustee may furnish to a person other than a beneficiary a certification of trust instead of a copy of the trust instrument. The certification of trust must contain the following information:

- (1) That the trust exists and the date the trust instrument was executed.
- (2) The identity of the settlor.
- (3) The identity and address of the currently acting trustee.
- (4) The powers of the trustee.
- (5) The revocability or irrevocability of the trust and the identity of any person holding a power to revoke the trust.
- (6) The authority of cotrustees to sign or otherwise authenticate and whether all or less than all the cotrustees are

required in order to exercise the powers of the trustee.

~~(7) The trust's taxpayer identification number.~~

~~(8) (7) The manner of taking title to trust property.~~

(b) A certification of trust may be signed or authenticated by any trustee.

(c) A certification of trust must state that the trust has not been revoked, modified, or amended in any manner that would cause the representations contained in the certification of trust to be incorrect.

(d) A certification of trust may contain the dispositive terms of a trust.

(e) A recipient of a certification of trust may require the trustee to furnish copies of excerpts from the original trust instrument and later amendments that:

- (1) designate the trustee; and
- (2) confer on the trustee the power to act in a pending transaction in which the recipient has an interest.

(f) A person who acts in reliance on a certification of trust without knowledge that the representations contained in the certification of trust are incorrect:

- (1) is not liable to any person for acting in reliance on the certification of trust; and
- (2) may assume without inquiry the existence of the facts contained in the certification of trust.

Knowledge of the terms of the trust may not be inferred solely from the fact that a copy of all or part of the trust instrument is held by the person relying on the certification.

(g) A person who in good faith enters into a transaction in reliance on a certification of trust may enforce the transaction against the trust property as if the representations contained in the certification were correct.

(h) A person making a demand for the trust instrument in addition to a certification of trust or excerpts from the original trust instrument is liable for damages if the court determines that a person did not act in good faith in demanding the trust instrument.

(i) This section does not limit the right of a person to obtain a copy of the trust instrument in a judicial proceeding concerning the trust.

(Reference is to ESB 49 as printed April 3, 2007.)

Zakas, Chair	Kuzman
Brodén	Foley
Senate Conferees	House Conferees

Roll Call 530: yeas 50, nays 0. Report adopted.

CONFERENCE COMMITTEE REPORT

ESB 154-1

Madam President: Your Conference Committee appointed to confer with a like committee from the House upon Engrossed House Amendments to Engrossed Senate Bill 154 respectfully reports that said two committees have conferred and agreed as follows to wit: that the Senate recede from its dissent from all House amendments and that the Senate now concur in all House amendments to the bill and that the bill be further amended as follows:

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 4-4-2.4-2, AS AMENDED BY SEA 526-2007, SECTION 20, IS AMENDED TO READ AS FOLLOWS

[EFFECTIVE JULY 1, 2007]: Sec. 2. The office of the lieutenant governor may adopt rules under IC 4-22-2 to carry out the duties, purposes, and functions of the office of the lieutenant governor relating to:

- (1) energy policy under section 1 of this chapter; **and**
- (2) the administration of the center for coal technology research under IC 21-47-4-2. ~~and~~
- ~~(3) the Indiana recycling and energy development board under IC 4-23-5.5-6.5.~~

SECTION 2. IC 4-22-2-37.1, AS AMENDED BY SEA 551-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 37.1. (a) This section applies to a rulemaking action resulting in any of the following rules:

- (1) An order adopted by the commissioner of the Indiana department of transportation under IC 9-20-1-3(d) or IC 9-21-4-7(a) and designated by the commissioner as an emergency rule.
- (2) An action taken by the director of the department of natural resources under IC 14-22-2-6(d) or IC 14-22-6-13.
- (3) An emergency temporary standard adopted by the occupational safety standards commission under IC 22-8-1.1-16.1.
- (4) An emergency rule adopted by the solid waste management board under IC 13-22-2-3 and classifying a waste as hazardous.
- (5) A rule, other than a rule described in subdivision (6), adopted by the department of financial institutions under IC 24-4.5-6-107 and declared necessary to meet an emergency.
- (6) A rule required under IC 24-4.5-1-106 that is adopted by the department of financial institutions and declared necessary to meet an emergency under IC 24-4.5-6-107.
- (7) A rule adopted by the Indiana utility regulatory commission to address an emergency under IC 8-1-2-113.
- (8) An emergency rule adopted by the state lottery commission under IC 4-30-3-9.
- (9) A rule adopted under IC 16-19-3-5 that the executive board of the state department of health declares is necessary to meet an emergency.
- (10) An emergency rule adopted by the Indiana finance authority under IC 8-21-12.
- (11) An emergency rule adopted by the insurance commissioner under IC 27-1-23-7.
- (12) An emergency rule adopted by the Indiana horse racing commission under IC 4-31-3-9.
- (13) An emergency rule adopted by the air pollution control board, the solid waste management board, or the water pollution control board under IC 13-15-4-10(4) or to comply with a deadline required by **or other date provided** by federal law, provided:
 - (A) the variance procedures are included in the rules; and
 - (B) permits or licenses granted during the period the emergency rule is in effect are reviewed after the emergency rule expires.
- (14) An emergency rule adopted by the Indiana election commission under IC 3-6-4.1-14.

- (15) An emergency rule adopted by the department of natural resources under IC 14-10-2-5.
 - (16) An emergency rule adopted by the Indiana gaming commission under IC 4-32.2-3-3(b), IC 4-33-4-2, IC 4-33-4-3, or IC 4-33-4-14.
 - (17) An emergency rule adopted by the alcohol and tobacco commission under IC 7.1-3-17.5, IC 7.1-3-17.7, or IC 7.1-3-20-24.4.
 - (18) An emergency rule adopted by the department of financial institutions under IC 28-15-11.
 - (19) An emergency rule adopted by the office of the secretary of family and social services under IC 12-8-1-12.
 - (20) An emergency rule adopted by the office of the children's health insurance program under IC 12-17.6-2-11.
 - (21) An emergency rule adopted by the office of Medicaid policy and planning under IC 12-15-41-15.
 - (22) An emergency rule adopted by the Indiana state board of animal health under IC 15-2.1-18-21.
 - (23) An emergency rule adopted by the board of directors of the Indiana education savings authority under IC 21-9-4-7.
 - (24) An emergency rule adopted by the Indiana board of tax review under IC 6-1.1-4-34 **(repealed)**.
 - (25) An emergency rule adopted by the department of local government finance under IC 6-1.1-4-33 **(repealed)**.
 - (26) An emergency rule adopted by the boiler and pressure vessel rules board under IC 22-13-2-8(c).
 - (27) An emergency rule adopted by the Indiana board of tax review under IC 6-1.1-4-37(l) **(repealed)** or an emergency rule adopted by the department of local government finance under IC 6-1.1-4-36(j) **(repealed)** or IC 6-1.1-22.5-20.
 - (28) An emergency rule adopted by the board of the Indiana economic development corporation under IC 5-28-5-8.
 - (29) A rule adopted by the department of financial institutions under IC 34-55-10-2.5.
 - (30) *A rule adopted by the Indiana finance authority:*
 - (A) *under IC 8-15.5-7 approving user fees (as defined in IC 8-15.5-2-10) provided for in a public-private agreement under IC 8-15.5;*
 - (B) *under IC 8-15-2-17.2(a)(10):*
 - (i) *establishing enforcement procedures; and*
 - (ii) *making assessments for failure to pay required tolls;*
 - (C) *under IC 8-15-2-14(a)(3) authorizing the use of and establishing procedures for the implementation of the collection of user fees by electronic or other nonmanual means; or*
 - (D) *to make other changes to existing rules related to a toll road project to accommodate the provisions of a public-private agreement under IC 8-15.5.*
 - (31) An emergency rule adopted by the board of the Indiana health informatics corporation under IC 5-31-5-8.
- (b) The following do not apply to rules described in subsection (a):
- (1) Sections 24 through 36 of this chapter.
 - (2) IC 13-14-9.
- (c) After a rule described in subsection (a) has been adopted by the agency, the agency shall submit the rule to the publisher for the assignment of a document control number. The agency shall submit

the rule in the form required by section 20 of this chapter and with the documents required by section 21 of this chapter. The publisher shall determine the *number of copies format* of the rule and other documents to be submitted under this subsection.

(d) After the document control number has been assigned, the agency shall submit the rule to the *secretary of state publisher* for filing. The agency shall submit the rule in the form required by section 20 of this chapter and with the documents required by section 21 of this chapter. The *secretary of state publisher* shall determine the *number of copies format* of the rule and other documents to be submitted under this subsection.

(e) Subject to section 39 of this chapter, the *secretary of state publisher* shall:

- (1) accept the rule for filing; and
- (2) ~~file stamp and indicate electronically record~~ the date and time that the rule is accepted. ~~on every duplicate original copy submitted.~~

(f) A rule described in subsection (a) takes effect on the latest of the following dates:

- (1) The effective date of the statute delegating authority to the agency to adopt the rule.
- (2) The date and time that the rule is accepted for filing under subsection (e).
- (3) The effective date stated by the adopting agency in the rule.
- (4) The date of compliance with every requirement established by law as a prerequisite to the adoption or effectiveness of the rule.

(g) Subject to subsection (h), IC 14-10-2-5, IC 14-22-2-6, IC 22-8-1.1-16.1, and IC 22-13-2-8(c), and except as provided in subsections (j), ~~and~~ (k), and (l), a rule adopted under this section expires not later than ninety (90) days after the rule is accepted for filing under subsection (e). Except for a rule adopted under subsection (a)(13), (a)(24), (a)(25), or (a)(27), the rule may be extended by adopting another rule under this section, but only for one (1) extension period. The extension period for a rule adopted under subsection (a)(28) may not exceed the period for which the original rule was in effect. A rule adopted under subsection (a)(13) may be extended for two (2) extension periods. Subject to subsection (j), a rule adopted under subsection (a)(24), (a)(25), or (a)(27) may be extended for an unlimited number of extension periods. Except for a rule adopted under subsection (a)(13), for a rule adopted under this section to be effective after one (1) extension period, the rule must be adopted under:

- (1) sections 24 through 36 of this chapter; or
- (2) IC 13-14-9;

as applicable.

(h) A rule described in subsection (a)(6), (a)(8), (a)(12), or (a)(29) expires on the earlier of the following dates:

- (1) The expiration date stated by the adopting agency in the rule.
- (2) The date that the rule is amended or repealed by a later rule adopted under sections 24 through 36 of this chapter or this section.

(i) This section may not be used to readopt a rule under IC 4-22-2.5.

(j) A rule described in subsection (a)(24) or (a)(25) expires not

later than January 1, 2006.

(k) A rule described in subsection (a)(28) expires on the expiration date stated by the board of the Indiana economic development corporation in the rule.

(l) A rule described in subsection (a)(30) expires on the expiration date stated by the Indiana finance authority in the rule.

SECTION 3. IC 4-23-5.5-1, AS AMENDED BY P.L.1-2006, SECTION 78, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. As used in this chapter:

- (1) "board" means refers to the Indiana recycling and energy market development board created by this chapter; and
- (2) "division" refers to the division of pollution prevention established by IC 13-27-2-1.

SECTION 4. IC 4-23-5.5-2, AS AMENDED BY P.L.1-2006, SECTION 79, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) The Indiana recycling and energy market development board is created and constitutes a public instrumentality of the state. The exercise by the board of the powers conferred by this chapter is an essential governmental function.

(b) The board consists of ~~thirteen (13)~~ nine (9) members, one (1) of whom shall be the lieutenant governor or the lieutenant governor's designee and ~~twelve (12)~~ eight (8) of whom shall be appointed by the governor for four (4) year terms. The governor's appointees shall be chosen from among representatives of:

- (1) the ~~coal~~ waste management industry;
- (2) ~~other regulated and nonregulated energy related industries;~~ the recycling industry;
- (3) Indiana universities and colleges with expertise in
 - (A) recycling research and development; or
 - (B) energy research and development;
- (4) agriculture;
- (5) labor;
- (6) (4) industrial and commercial consumers of recycled feedstock;
- (7) (5) environmental groups; and
- (8) (6) private citizens with a special interest in
 - (A) recycling. or
 - (B) energy resources development.

No more than ~~six (6)~~ four (4) appointive members shall be of the same political party.

(c) A vacancy in the office of an appointive member, other than by expiration, shall be filled in like manner as the original appointment for the remainder of the term of that retiring member. Appointed members may be removed by the governor for cause.

(d) The board shall have seven (7) ex officio advisory members as follows:

- (1) The governor.
- (2) The director of the department of natural resources.
- (3) The commissioner of the department of environmental management.
- (4) Two (2) members from the house of representatives of opposite political parties appointed by the speaker of the house of representatives for two (2) year terms.
- (5) Two (2) members from the senate of opposite political parties appointed by the president pro tempore of the senate for two (2) year terms.

(e) The ~~office of the lieutenant governor division~~ shall serve as the staff of the board.

SECTION 5. IC 4-23-5.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) The governor shall appoint one (1) of the appointed members as chairman. ~~Seven~~ **(7) Five (5)** members of the board shall constitute a quorum and the affirmative vote of a majority of the membership shall be necessary for any action taken by the board. A vacancy in the membership of the board does not impair the right of the quorum to act.

(b) All the members of the board shall be reimbursed for their actual expenses incurred in the performance of their duties. The appointed members may also receive a per diem allowance as determined by the budget agency for attendance of board meetings and activities. All reimbursement for expenses shall be as provided by law.

SECTION 6. IC 4-23-5.5-4, AS AMENDED BY P.L.1-2006, SECTION 80, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. **A representative appointed by the division, in consultation with the** lieutenant governor or the lieutenant governor's designee, shall be the chief administrative officer for the board and shall direct and supervise the administrative affairs and technical activities of the board in accordance with rules, regulations, and policies established by the board. ~~The lieutenant governor or the lieutenant governor's designee~~ **division** may appoint the employees as the board may require and the agents or consultants as may be necessary for implementing this chapter. ~~The lieutenant governor or the lieutenant governor's designee~~ **division** shall prepare an annual administrative budget for review by the budget agency and the budget committee.

SECTION 7. IC 4-23-5.5-6, AS AMENDED BY P.L.1-2006, SECTION 81, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) The board shall do the following:

- (1) Adopt procedures for the regulation of its affairs and the conduct of its business.
- (2) Meet at the offices of the ~~lieutenant governor division~~ on call of:
 - (A) the lieutenant governor or the lieutenant governor's designee; **or**
 - (B) **the commissioner of the department of environmental management or the commissioner's designee;**

at least once each calendar quarter. The meetings shall be upon ten (10) days written notification, shall be open to the public, and shall have official minutes recorded for public scrutiny.

- (3) Report annually in an electronic format under IC 5-14-6 to the legislative council the projects in which it has participated and is currently participating with a complete list of expenditures for those projects.
- (4) Annually prepare an administrative budget for review by the budget agency and the budget committee.
- (5) Keep proper records of accounts and make an annual report of its condition to the state board of accounts.

~~(b) The board may request that the lieutenant governor conduct assessments of the opportunities and constraints presented by all sources of energy. The board shall encourage the balanced use of all~~

~~sources of energy with primary emphasis on:~~

- ~~(1) the utilization of Indiana's high sulphur coal; and~~
- ~~(2) the utilization of Indiana's agricultural and forest resources and products for the production of alcohol fuel.~~

~~However, the board shall seek to avoid possible undesirable consequences of total reliance on a single source of energy.~~

~~(c) (b)~~ The board shall consider projects involving the creation of the following:

- (1) Markets for products made from recycled materials.
- (2) New products made from recycled materials.

~~(d) (c)~~ The board may promote, fund, and encourage programs facilitating the development and ~~effective use of all sources of energy~~ **implementation of waste reduction, reuse, and recycling** in Indiana.

SECTION 8. IC 4-23-5.5-6.5, AS ADDED BY P.L.144-2006, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6.5. ~~The office of the lieutenant governor department of environmental management~~ may adopt rules under IC 4-22-2 to carry out the duties, purposes, and functions of this chapter.

SECTION 9. IC 4-23-5.5-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. The board, upon approval by the governor and the budget agency, may make the following expenditures:

- (1) Matching grants to federal, state, and local governmental agencies for research and development of: ~~energy resources~~

~~(A) recycling~~ projects; and

~~(B) recycling market development~~ projects; in Indiana.

- (2) Matching grants to individuals, corporations, limited liability companies, partnerships, educational institutions, and other private sector groups for ~~energy resources recycling~~ and recycling market research and development.

- (3) Direct grants, loans, or loan guarantees to those individuals and organizations specified in subdivision (1) or (2) of this section.

- (4) Contractual services for ~~energy resources recycling~~ and recycling market research and development programs.

~~(5) Purchase or lease land for energy resources and recycling market research and development projects.~~

- ~~(6) (5)~~ Other projects and expenses consistent with this chapter.

SECTION 10. IC 4-23-5.5-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. The board may:

- (1) on behalf of the state, receive and accept grants, gifts, and contributions from public agencies, including the federal government, and from private agencies and private sources, including the Indiana business modernization and technology corporation, for the purpose of researching and developing ~~energy resources recycling~~ within the state, and may administer such, including contracting with other public and private organizations, to carry out the purposes for which such grants, gifts, and contributions were made;
- (2) establish application forms and procedures for programs consistent with this chapter;
- (3) accept applications from private and public sources for funding of programs consistent with this chapter;

(4) provide funding for studies, research projects, and other activities required to assess the nature and extent of recycling markets in Indiana and the nature and extent of **energy recycling** resources to meet the needs of the state; ~~including but not limited to coal and other fossil fuels, alcohol fuels produced from agricultural and forest products and resources, renewable, and other energy resources;~~

(5) deposit funds not currently needed to meet the obligations of the board with the treasurer of state to the credit of the fund, or invest in obligations as provided by IC 5-13-10.5; and

(6) participate in or sponsor programs, conferences, or seminars aimed at assisting the state in promoting recycling market development. ~~and the effective use of all sources of energy in Indiana.~~

SECTION 11. IC 13-14-9-1, AS AMENDED BY P.L.100-2006, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) Except as provided in ~~section sections 8 and 14~~ of this chapter, this chapter applies to the following:

(1) A board.

(2) The underground storage tank financial assurance board established by IC 13-23-11-1.

(b) In addition to the requirements of IC 4-22-2 and IC 13-14-8, a board may not adopt a rule except in accordance with this chapter.

SECTION 12. IC 13-14-9-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) Unless a board determines ~~under section 5(c)(2) of this chapter~~ that a proposed rule should be subject to additional comments **or makes a determination described in subsection (f)**, sections ~~3~~ **2 through 7** and ~~4~~ **sections 9 through 14** of this chapter do not apply to a rulemaking action if the commissioner determines that:

(1) the proposed rule constitutes:

(A) an adoption or incorporation by reference of a federal law, regulation, or rule that:

(i) is or will be applicable to Indiana; and

(ii) contains no amendments that have a substantive effect on the scope or intended application of the federal law or rule;

(B) a technical amendment with no substantive effect on an existing Indiana rule; or

(C) a substantive amendment to an existing Indiana rule, the primary and intended purpose of which is to clarify the existing rule; and

(2) the proposed rule is of such nature and scope that there is no reasonably anticipated benefit to the environment or the persons referred to in section 7(a)(2) of this chapter from the following:

(A) Exposing the proposed rule to diverse public comment under section 3 or 4 of this chapter.

(B) Affording interested or affected parties the opportunity to be heard under section 3 or 4 of this chapter.

(C) Affording interested or affected parties the opportunity to develop evidence in the record collected under sections 3 and 4 of this chapter.

(b) If the commissioner makes a determination under subsection (a), the commissioner shall prepare written findings under this

section. The full text of the commissioner's written findings shall be ~~(1) published in the Indiana Register before the public meeting held under section 5(a)(1) of this chapter; and~~ ~~(2) included in:~~

(1) the notice of adoption of the proposed rule; and

(2) the written materials to be considered by the board at the public meeting hearing held under this section. 5(a)(1) of this chapter.

(c) The notice of adoption of a proposed rule under this section must:

(1) be published in the Indiana Register; and

(2) include the following:

(A) Draft rule language that includes the language described in subsection (a)(1).

(B) A written comment period of at least thirty (30) days.

(C) A notice of public hearing before the appropriate board.

(d) The department shall include the following in the written materials to be considered by the board at the public hearing referred to in subsection (c):

(1) The full text of the proposed rule as most recently prepared by the department.

(2) Written responses of the department to written comments received during the comment period referred to in subsection (c).

(3) The commissioner's findings under subsection (b).

(e) At the public hearing referred to in subsection (c), the board may:

(1) adopt the proposed rule;

(2) reject the proposed rule;

(3) determine that additional public comment is necessary; or

(4) determine to reconsider the proposed rule at a subsequent board meeting.

(f) If the board determines under subsection (e) that additional public comment is necessary, the department shall publish a second notice in accordance with section 4 of this chapter and complete the rulemaking in accordance with this chapter.

SECTION 13. IC 13-14-9-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. The board may reject a proposed rule under section 9(4) of this chapter if one (1) of the following conditions exists:

(1) The following occurs or has occurred:

(A) under section 8 of this chapter, sections 3 and 4 of this chapter did not apply to the proposed rule; and

(B) either:

(i) the board determines that necessary amendments to the proposed rule will affect persons that reasonably require an opportunity to comment under section 4 of this chapter, considering the criteria set forth in section ~~8(2)~~ **8(a)(2)** of this chapter; or

(ii) the board determines that due to the fundamental or inherent structure or content of the proposed rule, the only reasonably anticipated method of developing a rule acceptable to the board is to require the department to redraft the rule and to obtain the public comments under

section 4 of this chapter. ~~or~~

- (2) The following occurs or has occurred:
- (A) the proposed rule was subject to sections 3 and 4 of this chapter; and
 - (B) either:
 - (i) the board makes a determination set forth in subdivision (1)(B)(i) or (1)(B)(ii); or
 - (ii) the board determines that, due to a procedural or other defect in the implementation of the requirements under sections 3 and 4 of this chapter, an interested or affected party will be unfairly and substantially prejudiced if the public comment period under section 4 of this chapter is not again afforded and that no reasonable alternative method to obtain public comments is available to the interested or affected party other than the public comment period under section 4 of this chapter.

SECTION 14. IC 13-20-13-8, AS AMENDED BY P.L.1-2006, SECTION 202, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) Except as provided in subsection (d)(2), (d)(3), (d)(6), and (d)(7), the waste tire management fund is established for the following purposes:

- (1) ~~The department may use not more than~~ thirty-five percent (35%) of the money deposited in the fund each year ~~shall be used to assist the department for:~~

- (A) ~~in~~ the removal and disposal of waste tires from sites where the waste tires have been disposed of improperly; ~~and~~
- (B) ~~in~~ operating the waste tire education program under section 15 of this chapter. ~~and~~
- ~~(C) to pay the expenses of administering the programs described in clause (B):~~

- (2) ~~Sixty-five percent (65%) of~~ **The department may use the remaining** money deposited in the fund each year ~~shall be used to: assist the lieutenant governor:~~

- (A) ~~in providing~~ **provide** grants and loans **under section 9(b) of this chapter** to ~~persons entities~~ involved in waste tire management activities; ~~under section 9 of this chapter;~~ and
- (B) ~~to~~ pay the expenses of administering the programs described in:

- (i) **subdivision (1)(B); and**
- (ii) clause (A).

(b) The expenses of administering the fund shall be paid from money in the fund.

(c) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

(d) Sources of money for the fund are the following:

- (1) Fees paid under section 4(a)(6) of this chapter and IC 13-20-14-5(e).
- (2) Fees collected under section 7 of this chapter. All money deposited in the fund under this subdivision may be used by the department for waste reduction, recycling, removal, or remediation projects.
- (3) Costs and damages recovered from a person ~~or other entity~~ under section 14 of this chapter or IC 13-20-14-8. All money deposited in the fund under this subdivision may be

used by the department for removal and remediation projects.
(4) Fees established by the general assembly for the purposes of this chapter.

(5) Appropriations made by the general assembly.

(6) Gifts and donations intended for deposit in the fund. A gift or donation deposited in the fund under this subdivision may be specified to be entirely for the use of the department. ~~or the lieutenant governor:~~

(7) Civil penalties collected under IC 13-30-4 for violations of:

- (A) this chapter;
- (B) IC 13-20-14; and
- (C) rules adopted under section 11 of this chapter and IC 13-20-14-6.

All money deposited in the fund under this subdivision may be used by the department for ~~waste tire removal and remediation~~ **eligible** projects.

SECTION 15. IC 13-20-13-9, AS AMENDED BY P.L.1-2006, SECTION 203, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) The department may use money in the fund to assist the department in:

- (1) removing waste tires from sites where waste tires have been disposed of improperly;
- (2) properly managing waste tires;
- (3) performing surveillance and enforcement activities used to implement proper waste tire management; and
- (4) conducting the waste tire education program under section 15 of this chapter.

(b) ~~The lieutenant governor department~~ may use money in the fund to provide grants and loans to ~~persons entities~~ to establish and operate programs involving the following:

- (1) Recycling or reuse of waste tires.
- (2) Using waste tires as a source of fuel.
- (3) Developing markets for waste tires and products containing recycled or reused waste tires.

(c) ~~The lieutenant governor department~~ may adopt rules under IC 4-22-2 necessary to implement this section.

SECTION 16. [EFFECTIVE UPON PASSAGE] (a) **The terms of the members of the Indiana recycling and energy development board are terminated on June 30, 2007.**

(b) **Before July 1, 2007, the governor shall appoint the members of the Indiana recycling market development board.**

(c) **This SECTION expires July 1, 2007.**

SECTION 17. [EFFECTIVE JULY 1, 2007] (a) **The environmental quality service council established under IC 13-13-7 shall study and make findings and recommendations concerning the following:**

(1) **Shortening the environmental rulemaking process for rules adopted under IC 13 by considering the following:**

- (A) **Other state and local agency rulemaking processes.**
- (B) **Other state environmental rulemaking processes.**
- (C) **Negotiated rulemaking.**
- (D) **Steps and requirements of rulemaking.**
- (E) **Professional boards and the relationship between boards and the office of environmental adjudication.**

(2) **The goals, funding, markets, and structure of recycling in Indiana.**

(b) **The environmental quality service council shall include its**

findings and recommendations developed under subsection (a) in the council's 2007 final report to the legislative council.

(c) This SECTION expires January 1, 2008.

SECTION 18. An emergency is declared for this act.

(Reference is to ESB 154 as printed April 6, 2007.)

Gard, Chair	Dvorak
Tallian	Wolkins
Senate Conferees	House Conferees

Roll Call 531: yeas 50, nays 0. Report adopted.

CONFERENCE COMMITTEE REPORT

ESB 205-1

Madam President: Your Conference Committee appointed to confer with a like committee from the House upon Engrossed House Amendments to Engrossed Senate Bill 205 respectfully reports that said two committees have conferred and agreed as follows to wit: that the Senate recede from its dissent from all House amendments and that the Senate now concur in all House amendments to the bill and that the bill be further amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning environmental law.

Delete everything after the enacting clause and insert:

SECTION 1. IC 13-20-2-9 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) A person that:

(1) holds a valid construction permit that is issued under this chapter and authorizes construction for a facility that has not been substantially developed; and

(2) has not commenced construction within:

(A) five (5) years after the date of the permit; or

(B) another period established by rule or statute;

must apply for a new construction permit and meet the requirements of all applicable environmental laws existing at the time the new permit is sought.

(b) A person that:

(1) holds a valid construction permit that is issued under this chapter and authorizes construction at an operating facility; and

(2) has not commenced construction within:

(A) five (5) years after the date of the permit; or

(B) another period established by rule or statute;

must meet the requirements of all applicable environmental laws existing at the time construction is substantially commenced.

(c) The periods described in subsections (a) and (b) for a person to commence construction are tolled pending either of the following concerning the construction permit:

(1) An administrative appeal.

(2) A judicial review.

(Reference is to ESB 205 as printed April 6, 2007.)

Gard, Chair	Dvorak
Hume	Wolkins
Senate Conferees	House Conferees

Roll Call 532: yeas 50, nays 0. Report adopted.

CONFERENCE COMMITTEE REPORT

ESB 310-1

Madam President: Your Conference Committee appointed to confer with a like committee from the House upon Engrossed House Amendments to Engrossed Senate Bill 310 respectfully reports that said two committees have conferred and agreed as follows to wit: that the Senate recede from its dissent from all House amendments and that the Senate now concur in all House amendments to the bill and that the bill be further amended as follows:

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 1-1-7-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) If a statute enacted by the general assembly or a rule, as defined by IC 4-22-2-3, requires that notice or other matter be given or sent by registered mail or certified mail, a person may use: ~~certified mail as established by the United States Postal Service to comply with the law or rule:~~

(1) any service of the United States Postal Service or any service of a designated private delivery service (as defined by the United States Internal Revenue Service) that:

(A) tracks the delivery of mail; and

(B) requires a signature upon delivery; or

(2) delivery by an employee of the unit of government sending the notice;

to comply with the statute or rule.

(b) If means of giving notice is not covered by rules adopted by the supreme court and if a notice or other matter sent as described in subsection (a) is returned undelivered, the notice or other matter must be given by:

(1) delivering a copy of the notice or other matter to the person to whom the notice or other matter must be given personally;

(2) leaving a copy of the notice or other matter at the dwelling house or usual place of abode of the person to whom the notice or other matter must be given;

(3) sending by first class mail a copy of the notice or other matter to the last known address of the person to whom the notice or other matter must be given; or

(4) serving the agent of the person to whom the notice or other matter must be given as provided by rule, statute, or valid agreement.

(Reference is to ESB 310 as printed April 6, 2007.)

Hershman, Chair	Grubb
Brodén	Richardson
Senate Conferees	House Conferees

Roll Call 533: yeas 50, nays 0. Report adopted.

MESSAGE FROM THE PRESIDENT PRO TEMPORE OF THE INDIANA STATE SENATE

Madam President and Members of the Senate: I have on April 29, 2007, signed House Enrolled Acts: 1058, 1116, 1266, 1301, 1663, 1753, 1067, 1256, 1324, 1546, 1075, 1387, 1424, and 1427.

DAVID C. LONG
President Pro Tempore

April 29, 2007

Senate 1467

**MESSAGE FROM THE PRESIDENT PRO TEMPORE
OF THE INDIANA STATE SENATE**

Madam President and Members of the Senate: I have on April 28, 2007, signed Senate Enrolled Acts: 44, 134, 113, 211, 334, 561, 568, 419, and 502.

DAVID C. LONG
President Pro Tempore

MESSAGE FROM THE HOUSE

Madam President: I am directed by the House to inform the Senate that the House has accepted and approved the Joint Rule 20 correction on Engrossed Senate Bill 559.

CLINTON MCKAY
Principal Clerk of the House

MESSAGE FROM THE HOUSE

Madam President: I am directed by the House to inform the Senate that the House has accepted and approved the Joint Rule 20 correction on Engrossed Senate Bill 29.

CLINTON MCKAY
Principal Clerk of the House

MESSAGE FROM THE HOUSE

Madam President: I am directed by the House to inform the Senate that the House has adopted the Conference Committee Reports on Engrossed Senate Bills 45-1, 154-1, 205-1, and 310-1.

CLINTON MCKAY
Principal Clerk of the House

MESSAGE FROM THE HOUSE

Madam President: I am directed by the House to inform the Senate that the House has adopted the Conference Committee Reports on Engrossed House Bills 1192-1, 1426-1, 1503-1, 1566-3, and 1717-1.

CLINTON MCKAY
Principal Clerk of the House

MESSAGE FROM THE HOUSE

Madam President: I am directed by the House to inform the Senate that the House has accepted and approved the Joint Rule 20 correction on Engrossed Senate Bill 524.

CLINTON MCKAY
Principal Clerk of the House

MESSAGE FROM THE HOUSE

Madam President: I am directed by the House to inform the Senate that the House has adopted the Conference Committee Reports on Engrossed House Bills 1115-1, 1312-1, 1505-1, and 1738-1.

CLINTON MCKAY
Principal Clerk of the House

MESSAGE FROM THE HOUSE

Madam President: I am directed by the House to inform the

Senate that the House has adopted the Conference Committee Reports on Engrossed Senate Bills 49-1 and 463-1.

CLINTON MCKAY
Principal Clerk of the House

MESSAGE FROM THE HOUSE

Madam President: I am directed by the House to inform the Senate that the House has passed Senate Concurrent Resolutions 72 and 103 and the same are herewith returned to the Senate.

CLINTON MCKAY
Principal Clerk of the House

COMMITTEE REPORT

Madam President: Pursuant to Senate Rule 83(j), your Committee on Rules and Legislative Procedure to which was referred Conference Committee Report filed on Engrossed House Bill 1678 has had the same under consideration and begs leave to report back to the Senate with the recommendation that said Conference Committee Report is eligible for consideration.

LONG, Chair

Report adopted.

1:05 p.m.

The Chair declared a recess until the fall of the gavel.

Recess

The Senate reconvened at 4:29 p.m., with the President of the Senate in the Chair.

**MESSAGE FROM THE PRESIDENT
OF THE SENATE**

Members of the Senate: I have on the 29th day of April, 2007, signed Senate Enrolled Acts: 44, 171, 192, 220, 232, 267, 328, 345, 347, 502, 534, 550, and 561.

REBECCA S. SKILLMAN
Lieutenant Governor

COMMITTEE REPORT

Madam President: Pursuant to Senate Rule 83(j), your Committee on Rules and Legislative Procedure to which was referred Conference Committee Reports filed on Engrossed Senate Bills 45, 500, 287, 105, and 390 and Engrossed House Bills 1192, 1426, 1717, 1237, and 1379 has had the same under consideration and begs leave to report back to the Senate with the recommendation that said Conference Committee Reports are eligible for consideration.

LONG, Chair

Report adopted.

MESSAGE FROM THE HOUSE

Madam President: I am directed by the House to inform the Senate that the House has adopted the Conference Committee Report on Engrossed Senate Bill 287-1.

CLINTON MCKAY
Principal Clerk of the House

MESSAGE FROM THE HOUSE

Madam President: I am directed by the House to inform the Senate that the House has accepted and approved the Joint Rule 20 correction on Engrossed House Bill 1647.

CLINTON MCKAY
Principal Clerk of the House

MESSAGE FROM THE HOUSE

Madam President: I am directed by the House to inform the Senate that the House has accepted and approved the Joint Rule 20 correction on Engrossed House Bill 1774.

CLINTON MCKAY
Principal Clerk of the House

JOINT RULE COMMITTEE REPORTS

COMMITTEE REPORT

Madam President: Pursuant to Joint Rule 20, your Committee on Rules and Legislative Procedure, to which was referred Engrossed House Bill 1505 because it conflicts with Senate Enrolled Act 526-2007 without properly recognizing the existence of SEA 526-2007, has had EHB 1505 under consideration and begs leave to report back to the Senate with the recommendation that EHB 1505 be corrected as follows:

In the conference committee report to EHB 1505, page 5, between lines 27 and 28, begin a new paragraph and insert:

"SECTION 4. IC 21-29-2-3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 3. (a) Notwithstanding any other law, the following records regarding alternative investments in which institutional investment funds invest are not subject to disclosure under IC 5-14-3, unless the information has already been publicly released by the keeper of the information:**

- (1) Due diligence materials that are proprietary to the institutional investment fund or the alternative vehicle.
- (2) Quarterly and annual financial statements of alternative investment vehicles.
- (3) Meeting materials of alternative investment vehicles that contain individual portfolio holdings.
- (4) Records containing information regarding the underlying portfolio positions in which alternative investment vehicles invest.
- (5) Capital call and distribution notices.
- (6) Alternative investment agreements and all related documents.

(b) Notwithstanding subsection (a), the following information contained in records described in subsection (a) regarding alternative investments in which institutional investment funds

invest is subject to disclosure under this chapter and is not considered a trade secret or confidential financial information exempt from disclosure:

- (1) The name, address, and vintage year of each alternative investment vehicle.
 - (2) The dollar amount of the commitment made to each alternative investment vehicle by the institutional investment fund since inception.
 - (3) The dollar amount of cash contributions by the institutional investment fund to each alternative investment vehicle since inception.
 - (4) The dollar amount, on a fiscal year-end basis, of cash distributions received by the institutional investment fund from each alternative investment vehicle.
 - (5) The dollar amount, on a fiscal year-end basis, of cash distributions received by the institutional investment fund plus the remaining value of partnership assets attributable to the institutional investment fund's investment in each alternative investment vehicle.
 - (6) The net internal rate of return of each alternative investment vehicle since inception.
 - (7) The investment multiple of each alternative investment vehicle since inception.
 - (8) The schedule of management fees and costs assessed by each alternative vehicle to the institutional investment fund.
 - (9) The dollar amount of cash profit received by institutional investment funds from each alternative vehicle on a fiscal year-end basis.
- (c) The following definitions apply throughout this section:
- (1) "Alternative investment" means an investment in a private equity fund, real estate fund, venture fund, hedge fund, natural resource, or absolute return fund.
 - (2) "Alternative investment vehicle" means a limited partnership, limited liability company, or similar legal structure that is not publicly traded through which an institutional investment fund invests in portfolio companies.
 - (3) "Institutional investment fund" means a fund that consists of money managed in an endowment fund, including a quasi-endowment, and the returns on the endowment fund, that is held and invested by a state educational institution (as defined in IC 20-12-0.5-1).
 - (4) "Portfolio positions" means individual portfolio investments made by alternative investment vehicles."

Renumber all SECTIONS consecutively.

(Reference is to EHB 1505 as printed March 23, 2007, and as amended by the conference committee report to EHB 1505.)

LONG, Chair
R. YOUNG, R.M.M.
BRAY

Report adopted.

COMMITTEE REPORT

Madam President: Pursuant to Joint Rule 20, your Committee on Rules and Legislative Procedure, to which was referred Engrossed House Bill 1774 because it conflicts with Senate

Enrolled Act 526-2007 without properly recognizing the existence of SEA 526-2007, has had EHB 1774 under consideration and begs leave to report back to the Senate with the recommendation that EHB 1774 be corrected as follows:

Page 1, line 1, after "IC 5-1.1-1-8" insert ", AS AMENDED BY SEA 526-2007, SECTION 70,".

Page 1, line 2, delete "UPON PASSAGE]" and insert "JULY 1, 2007]".

Page 1, line 5, after "institution" insert ";".

Page 1, line 5, delete "(as defined in".

Page 1, delete line 6.

Page 2, line 8, reset in roman "(before its".

Page 2, line 9, delete "repeal)" and insert "repeal) or IC 20-24".

Page 30, between lines 41 and 42, begin a new paragraph and insert:

"SECTION 8. [EFFECTIVE UPON PASSAGE] (a) **Notwithstanding IC 5-1.5-1-8, "qualified entity", for purposes of IC 5-1.5, means:**

- (1) a political subdivision (as defined in IC 36-1-2-13);
- (2) a state educational institution (as defined in IC 20-12-0.5-1);
- (3) a leasing body (as defined in IC 5-1-1-1(a));
- (4) a not-for-profit utility (as defined in IC 8-1-2-125);
- (5) any rural electric membership corporation organized under IC 8-1-13;
- (6) any corporation that was organized in 1963 under Acts 1935, c. 157 and that engages in the generation and transmission of electric energy;
- (7) any telephone cooperative corporation formed under IC 8-1-17;
- (8) any commission, authority, or authorized body of any qualified entity;
- (9) any organization, association, or trust with members, participants, or beneficiaries that are all individually qualified entities;
- (10) any commission, authority, or instrumentality of the state;
- (11) any other participant (as defined in IC 13-11-2-151.1);
- (12) a charter school established under IC 20-5.5 (before its repeal) that is not a qualified entity under IC 5-1.4-1-10;
- (13) a volunteer fire department (as defined in IC 36-8-12-2); or
- (14) a development authority (as defined in IC 36-7.6-1-8).

(b) **This SECTION expires June 30, 2007."**

Renumber all SECTIONS consecutively.

(Reference is to EHB 1774 as printed March 27, 2007.)

LONG, Chair
R. YOUNG, R.M.M.
RIEGSECKER

Report adopted.

COMMITTEE REPORT

Madam President: Pursuant to Joint Rule 20, your Committee on Rules and Legislative Procedure, to which was referred Engrossed House Bill 1647 because it conflicts with House

Enrolled Act 1266-2007 without properly recognizing the existence of HEA 1266-2007, has had EHB 1647 under consideration and begs leave to report back to the Senate with the recommendation that EHB 1647 be corrected as follows:

Page 7, delete lines 28 through 42, begin a new paragraph and insert:

"SECTION 16. IC 21-12-6-5, AS AMENDED BY HEA 1266-2007, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) To qualify to participate in the program, a student must meet the following requirements:

- (1) Be a resident of Indiana.
- (2) Be:
 - (A) enrolled in grade 7 or 8, for the 2007-2008 school year, and grade 6, 7, or 8, for the 2008-2009 school year and for subsequent school years, at a:
 - (i) public school; or
 - (ii) nonpublic school that is accredited either by the state board of education or by a national or regional accrediting agency whose accreditation is accepted as a school improvement plan under IC 20-31-4-2; or
 - (B) otherwise qualified under the rules of the commission that are adopted under IC 21-11-9-4 to include students who are in grades other than grade 8 as eligible students.
- (3) Be eligible for free or reduced priced lunches under the national school lunch program.
- (4) Agree, in writing, together with the student's custodial parents or guardian, that the student will:
 - (A) graduate from a secondary school located in Indiana that meets the admission criteria of an eligible institution;
 - (B) not illegally use controlled substances (as defined in IC 35-48-1-9);
 - (C) not commit a crime or an infraction described in IC 9-30-5;
 - (D) not commit any other crime or delinquent act (as described in IC 31-37-1-2 or IC 31-37-2-2 through IC 31-37-2-5 (or IC 31-6-4-1(a)(1) through IC 31-6-4-1(a)(5) before their repeal));
 - (E) timely apply, when the eligible student is a senior in high school:
 - (i) for admission to an eligible institution; and
 - (ii) for any federal and state student financial assistance available to the eligible student to attend an eligible institution; and
 - (F) achieve a cumulative grade point average upon graduation of at least 2.0 on a 4.0 grading scale (or its equivalent if another grading scale is used) for courses taken during grades 9, 10, 11, and 12.
- (b) The term includes a student who:
 - (1) before or during grade 7 or grade 8, is placed by or with the consent of the department of child services, by a court order, or by a child placing agency in:
 - (A) a foster family home;
 - (B) the home of a relative or other unlicensed caretaker;
 - (C) a child caring institution; or
 - (D) a group home;
 - (2) agrees in writing, together with the student's caseworker (as defined in IC 31-9-2-11), to the conditions set forth in

subsection (a)(4); and
 (3) except as provided in subdivision (2), otherwise meets the requirements of subsection (a)."

Page 8, delete lines 1 through 23.

(Reference is to EHB 1647 as reprinted April 10, 2007.)

LONG, Chair
 R. YOUNG, R.M.M.
 LUBBERS

Report adopted.

CONFERENCE COMMITTEE REPORTS

CONFERENCE COMMITTEE REPORT

EHB 1192-1

Madam President: Your Conference Committee appointed to confer with a like committee from the House upon Engrossed Senate Amendments to Engrossed House Bill 1192 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 13-11-2-77 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 77. (a) "Facility", for purposes of IC 13-15-1-3, means a structure or an area of land used for the disposal, treatment, storage, recovery, processing, or transferring of solid waste, hazardous waste, or atomic radiation. The term includes the following:

- (1) A hazardous waste facility.
- (2) An incinerator.
- (3) A solid waste landfill.
- (4) A transfer station.

(b) "Facility", for purposes of IC 13-17-7, means a single structure, piece of equipment, installation, or operation that:

- (1) emits; or
- (2) has the potential to emit;

a regulated air pollutant.

(c) "Facility", for purposes of IC 13-18-5, means a building, a structure, equipment, or other stationary item that is located on:

- (1) a single site; or
- (2) contiguous or adjacent sites that are owned by, operated by, or under common control of the same person.

(d) "Facility", for purposes of IC 13-21, means a facility, a plant, a works, a system, a building, a structure, an improvement, machinery, equipment, a fixture, or other real or personal property of any nature that is to be used, occupied, or employed for the collection, storage, separation, processing, recovery, treatment, marketing, transfer, or disposal of solid waste.

(e) "Facility", for purposes of IC 13-25-2, means all buildings, equipment, structures, and other stationary items that are:

- (1) located on a single site or on contiguous or adjacent sites; and
- (2) owned or operated by:
 - (A) the same person; or

(B) any person that controls, is controlled by, or is under common control with the same person.

For purposes of IC 13-25-2-6, the term includes motor vehicles, rolling stock, and aircraft.

(f) "Facility", for purposes of IC 13-25-4, has the meaning set forth in 42 U.S.C. 9601(9).

~~(f)~~ **(g) "Facility", for purposes of IC 13-29-1, means a parcel of land or site, together with the structures, equipment, and improvements on or appurtenant to the land or site, which is used or is being developed for the treatment, storage, or disposal of low-level radioactive waste.**

SECTION 2. IC 13-11-2-142.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 142.3. "Nonprofit corporation", for purposes of this chapter and IC 13-25-4-8, refers to a nonprofit corporation:

(1) that is exempt from income taxation under 26 U.S.C. 501;

(2) for which the primary purpose, as identified in the corporation's articles of incorporation, is to assist and support a political subdivision in a matter of public concern; and

(3) that has no member affiliated with any other person that is potentially liable for response costs at a facility through any of the following:

(A) A direct or an indirect familial relationship.

(B) A contractual, corporate, or financial relationship other than a contractual, corporate, or financial relationship that is created:

(i) by the instruments by which title to the facility is conveyed or financed; or

(ii) by a contract for the sale of goods or services.

(C) The result of a reorganization of a business entity that was potentially liable for response costs at the facility.

SECTION 3. IC 13-11-2-148 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 148. (a) "Operator", for purposes of IC 13-18-10, means the person in direct or responsible charge or control of one (1) or more confined feeding operations.

(b) "Operator", for purposes of IC 13-18-11 and environmental management laws, means the person in direct or responsible charge and supervising the operation of:

- (1) a water treatment plant;
- (2) a wastewater treatment plant; or
- (3) a water distribution system.

(c) "Operator", for purposes of IC 13-20-6, means a corporation, a limited liability company, a partnership, a business association, a unit, or an individual who is a sole proprietor that is one (1) of the following:

- (1) A broker.
- (2) A person who manages the activities of a transfer station that receives municipal waste.
- (3) A transporter.

(d) "Operator", for purposes of IC 13-23, except as provided in subsection (e), means a person:

- (1) in control of; or
- (2) having responsibility for;

the daily operation of an underground storage tank.

(e) "Operator", for purposes of IC 13-23-13, does not include the following:

- (1) A person who:
 - (A) does not participate in the management of an underground storage tank;
 - (B) is otherwise not engaged in the:
 - (i) production;
 - (ii) refining; and
 - (iii) marketing;

of regulated substances; and

(C) holds evidence of ownership, primarily to protect the owner's security interest in the tank.

- (2) A person who:
 - (A) does not own or lease, directly or indirectly, the facility or business at which the underground storage tank is located;
 - (B) does not participate in the management of the facility or business described in clause (A); and
 - (C) is engaged only in:
 - (i) filling;
 - (ii) gauging; or
 - (iii) filling and gauging;
- the product level in the course of delivering fuel to an underground storage tank.

(3) A political subdivision (as defined in IC 36-1-2-13) or unit of federal or state government that:

(A) acquires ownership or control of an underground storage tank on a brownfield because of:

- (i) bankruptcy;
- (ii) foreclosure;
- (iii) tax delinquency, including an acquisition under IC 6-1.1-24 or IC 6-1.1-25;
- (iv) abandonment;
- (v) the exercise of eminent domain, including any purchase of property once an offer to purchase has been tendered under IC 32-24-1-5;
- (vi) receivership;
- (vii) transfer from another political subdivision or unit of federal or state government;
- (viii) acquiring an area needing redevelopment (as defined in IC 36-7-1-3) or conducting redevelopment activities, specifically under IC 36-7-14-22.2, IC 36-7-14-22.5, IC 36-7-15.1-15.1, IC 36-7-15.1-15.2, and IC 36-7-15.1-15.5;
- (ix) other circumstances in which the political subdivision or unit of federal or state government involuntarily acquired an interest in the property because of the political subdivision's or unit's function as sovereign; or
- (x) any other means to conduct remedial actions on a brownfield; and

(B) is engaged only in activities in conjunction with:

- (i) investigation or remediation of hazardous substances, petroleum, and other pollutants associated with a brownfield, including complying with land use restrictions and institutional controls; or

(ii) monitoring or closure of an underground storage tank;

unless existing contamination on the brownfield is exacerbated due to gross negligence or intentional misconduct by the political subdivision or unit of federal or state government.

(f) For purposes of subsection (e)(3)(B), reckless, willful, or wanton misconduct constitutes gross negligence.

SECTION 4. IC 13-11-2-150, AS AMENDED BY P.L.208-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 150. (a) "Owner", for purposes of IC 13-23 (except as provided in subsections (b), ~~and~~ (c), **and (d)**) means:

(1) for an underground storage tank that:

(A) was:

(i) in use on November 8, 1984; or

(ii) brought into use after November 8, 1984;

for the storage, use, or dispensing of regulated substances, a person who owns the underground storage tank; or

(B) is:

(i) in use before November 8, 1984; but

(ii) no longer in use on November 8, 1984;

a person who owned the tank immediately before the discontinuation of the tank's use; or

(2) a person who conveyed ownership or control of the underground storage tank to a political subdivision (as defined in IC 36-1-2-13) or unit of federal or state government because of:

(A) bankruptcy;

(B) foreclosure;

(C) tax delinquency, including a conveyance under IC 6-1.1-24 or IC 6-1.1-25;

(D) abandonment;

(E) the exercise of eminent domain, including any purchase of property once an offer to purchase has been tendered under IC 32-24-1-5;

(F) receivership;

(G) acquiring an area needing redevelopment (as defined in IC 36-7-1-3) or conducting redevelopment activities, specifically under IC 36-7-14-22.2, IC 36-7-14-22.5, IC 36-7-15.1-15.1, IC 36-7-15.1-15.2, and IC 36-7-15.1-15.5;

~~(H)~~ **(H)** other circumstances in which a political subdivision or unit of federal or state government involuntarily acquired ownership or control because of the political subdivision's or unit's function as sovereign; or

~~(I)~~ **(I)** any other means to conduct remedial actions on a brownfield;

if the person was a person described in subdivision (1) immediately before the person conveyed ownership or control of the underground storage tank.

(b) "Owner", for purposes of IC 13-23-13, does not include a person who:

(1) does not participate in the management of an underground storage tank;

(2) is otherwise not engaged in the:

(A) production;

(B) refining; and

(C) marketing;
of regulated substances; and
(3) holds indicia of ownership primarily to protect the owner's security interest in the tank.

(c) "Owner", for purposes of IC 13-23, does not include a political subdivision (as defined in IC 36-1-2-13) or unit of federal or state government that acquired ownership or control of an underground storage tank because of:

- (1) bankruptcy;
- (2) foreclosure;
- (3) tax delinquency, including an acquisition under IC 6-1.1-24 or IC 6-1.1-25;
- (4) abandonment;
- (5) the exercise of eminent domain, including any purchase of property once an offer to purchase has been tendered under IC 32-24-1-5;
- (6) receivership;
- ~~(7) other circumstances in which the political subdivision or unit of federal or state government involuntarily acquired ownership or control because of the political subdivision's or unit's function as sovereign;~~
- ~~(8) (7) transfer from another political subdivision or unit of federal or state government; or~~

(8) acquiring an area needing redevelopment (as defined in IC 36-7-1-3) or conducting redevelopment activities, specifically under IC 36-7-14-22.2, IC 36-7-14-22.5, IC 36-7-15.1-15.1, IC 36-7-15.1-15.2, and IC 36-7-15.1-15.5;

(9) other circumstances in which the political subdivision or unit of federal or state government involuntarily acquired ownership or control because of the political subdivision's or unit's function as sovereign; or

~~(9) (10) any other means to conduct remedial actions on a brownfield;~~

unless the political subdivision or unit of federal or state government causes or contributes to the release or threatened release of a **regulated** substance, in which case the political subdivision or unit of federal or state government is subject to IC 13-23 in the same manner and to the same extent as a nongovernmental entity under IC 13-23.

(d) "Owner", for purposes of IC 13-23, does not include a nonprofit corporation that acquired ownership or control of an underground storage tank to assist and support a political subdivision's revitalization and reuse of a brownfield for noncommercial purposes, including conservation, preservation, and recreation, unless the nonprofit corporation causes or contributes to the release or threatened release of a regulated substance, in which case the nonprofit corporation is subject to IC 13-23 in the same manner and to the same extent as any other nongovernmental entity under IC 13-23.

SECTION 5. IC 13-11-2-151, AS AMENDED BY P.L.208-2005, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 151. (a) "Owner or operator", for purposes of IC 13-24-1, means the following:

- (1) For a petroleum facility, a person who owns or operates the facility.
- (2) For a petroleum facility where title or control has been conveyed because of:

- (A) bankruptcy;
- (B) foreclosure;
- (C) tax delinquency, including a conveyance under IC 6-1.1-24 or IC 6-1.1-25;
- (D) abandonment;
- (E) the exercise of eminent domain, including any purchase of property once an offer to purchase has been tendered under IC 32-24-1-5;
- (F) receivership;
- (G) acquiring an area needing redevelopment (as defined in IC 36-7-1-3) or conducting redevelopment activities, specifically under IC 36-7-14-22.2, IC 36-7-14-22.5, IC 36-7-15.1-15.1, IC 36-7-15.1-15.2, and IC 36-7-15.1-15.5;**

~~(G) (H) other circumstances in which a political subdivision (as defined in IC 36-1-2-13) or unit of federal or state government involuntarily acquired title or control because of the political subdivision's or unit's function as sovereign; or~~

~~(H) (I) any other means to conduct remedial actions on a brownfield;~~

to a political subdivision or unit of federal or state government, a person who owned, operated, or otherwise controlled the petroleum facility immediately before title or control was conveyed.

(b) Subject to subsection (c), the term does not include a political subdivision or unit of federal or state government that acquired ownership or control of the facility through:

- (1) bankruptcy;
- (2) foreclosure;
- (3) tax delinquency, including an acquisition under IC 6-1.1-24 or IC 6-1.1-25;
- (4) abandonment;
- (5) the exercise of eminent domain, including any purchase of property once an offer to purchase has been tendered under IC 32-24-1-5;
- (6) receivership;

~~(7) other circumstances in which the political subdivision or unit of federal or state government involuntarily acquired title because of the political subdivision's or unit's function as sovereign;~~

~~(8) (7) transfer from another political subdivision or unit of federal or state government; or~~

(8) acquiring an area needing redevelopment (as defined in IC 36-7-1-3) or conducting redevelopment activities, specifically under IC 36-7-14-22.2, IC 36-7-14-22.5, IC 36-7-15.1-15.1, IC 36-7-15.1-15.2, and IC 36-7-15.1-15.5;

(9) other circumstances in which the political subdivision or unit of federal or state government involuntarily acquired ownership or control because of the political subdivision's or unit's function as sovereign; or

~~(9) (10) any other means to conduct remedial actions on a brownfield.~~

(c) The term includes a political subdivision or unit of federal or state government that causes or contributes to the release or threatened release of a **regulated** substance, in which case the political subdivision or unit of federal or state government is subject

to IC 13-24-1:

- (1) in the same manner; and
- (2) to the same extent;

as a nongovernmental entity under IC 13-24-1.

(d) The term does not include a person who:

- (1) does not participate in the management of a petroleum facility;
- (2) is otherwise not engaged in the:
 - (A) production;
 - (B) refining; and
 - (C) marketing;
 of petroleum; and

(3) holds evidence of ownership in a petroleum facility, primarily to protect the owner's security interest in the petroleum facility.

(e) The term does not include a nonprofit corporation that acquired ownership or control of a facility to assist and support a political subdivision's revitalization and reuse of a brownfield for noncommercial purposes, including conservation, preservation, and recreation, unless the nonprofit corporation causes or contributes to the release or threatened release of a regulated substance, in which case the nonprofit corporation is subject to IC 13-24-1 in the same manner and to the same extent as any other nongovernmental entity under IC 13-24-1.

SECTION 6. IC 13-11-2-183 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 183. "Regulated substance", for purposes of **this chapter** and IC 13-23, includes the following:

- (1) Any substance defined in section 98 of this chapter as a hazardous substance, but excluding any substance regulated as a hazardous waste under:
 - (A) Subtitle C of the federal Solid Waste Disposal Act, as amended (42 U.S.C. 6921 through 6939(a)); or
 - (B) IC 13-22-2-3.
- (2) Petroleum.
- (3) Any other substance designated by rules adopted by the solid waste management board under IC 13-23-1-2.

SECTION 7. IC 13-19-5-1, AS AMENDED BY P.L.235-2005, SECTION 171, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. The environmental remediation revolving loan program is established to assist in the remediation of brownfields to encourage the rehabilitation, redevelopment, and reuse of real property ~~by political subdivisions~~ by providing grants, loans, forgivable loans, or other financial assistance to political subdivisions to conduct any of the following activities:

- (1) Identification and acquisition of brownfields within a political subdivision as suitable candidates for redevelopment following the completion of remediation activities.
- (2) Environmental assessment of identified brownfields, **including assessment of petroleum contamination**, and other activities necessary or convenient to complete the environmental assessments.
- (3) Remediation activities conducted on brownfields, including:
 - (A) remediation of petroleum contamination; **and**
 - (B) **other activities necessary or convenient to complete remediation activities conducted on brownfields,**

including clearance of real property.

~~(4) The clearance of real property under IC 36-7-14-12-2 or IC 36-7-15-1-7 in connection with remediation activities.~~

~~(5) (4) Other activities in conjunction with assessment and remediation activities necessary or convenient to complete remediation activities on brownfields.~~ **prepare a brownfield for redevelopment.**

SECTION 8. IC 13-19-5-2, AS AMENDED BY P.L.235-2005, SECTION 172, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) The environmental remediation revolving loan fund is established for the purpose of providing money for loans and other financial assistance, including grants, to or for the benefit of political subdivisions under this chapter. The authority shall administer, hold, and manage the fund.

(b) Expenses of administering the fund shall be paid from money in the fund.

(c) The fund consists of the following:

- (1) Appropriations made by the general assembly.
- (2) Grants and gifts intended for deposit in the fund.
- (3) Repayments of loans and other financial assistance, including premiums, interest, and penalties.
- (4) Proceeds from the sale of loans and other financial assistance under section 9 of this chapter.
- (5) Interest, premiums, gains, or other earnings on the fund.
- (6) Money transferred from the hazardous substances response trust fund under IC 13-25-4-1(a)(9).

(7) Fees collected under section 7 of this chapter.

(d) The authority shall invest the money in the fund not currently needed to meet the obligations of the fund in accordance with an investment policy adopted by the authority. Interest, premiums, gains, or other earnings from these investments shall be credited to the fund.

(e) As an alternative to subsection (d), the authority may invest or cause to be invested all or a part of the fund in a fiduciary account with a trustee that is a financial institution. Notwithstanding any other law, any investment may be made by the trustee in accordance with at least one (1) trust agreement or indenture. A trust agreement or indenture may allow disbursements by the trustee to:

- (1) the authority;
- (2) a political subdivision;
- (3) the Indiana bond bank; or
- (4) any person to which the authority, the Indiana bond bank, or a political subdivision is obligated, including a trustee that is a financial institution for a grantor trust;

as provided in the trust agreement or indenture. The budget agency must approve any trust agreement or indenture before its execution.

SECTION 9. IC 13-19-5-3, AS AMENDED BY P.L.235-2005, SECTION 173, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) The authority shall do the following under this chapter:

- (1) Be responsible for the management of all aspects of the program.
- (2) Prepare and provide program information.
- (3) Negotiate the negotiable aspects of each financial assistance agreement and submit the agreement to the budget agency for approval.

- (4) Sign each financial assistance agreement.
 - (5) Review each proposed project and financial assistance agreement to determine if the project meets the credit, economic, or fiscal criteria established by guidelines of the authority.
 - (6) Periodically inspect or cause to be inspected projects to determine compliance with this chapter.
 - (7) Conduct or cause to be conducted an evaluation concerning the financial ability of a political subdivision to:
 - (A) pay a loan or other financial assistance and other obligations evidencing loans or other financial assistance, if required to be paid; and
 - (B) otherwise comply with terms of the financial assistance agreement.
 - (8) Evaluate or cause to be evaluated the technical aspects of the political subdivision's:
 - (A) environmental assessment of potential brownfield properties;
 - (B) proposed remediation; and
 - (C) remediation activities conducted on brownfield properties.
 - (9) Inspect or cause to be inspected remediation activities conducted under this chapter.
 - (10) Act as a liaison ~~with the department~~ to the United States Environmental Protection Agency regarding the program.
 - (11) Be a point of contact for political subdivisions concerning questions about the program.
 - (12) Enter into memoranda of understanding, as necessary, with the department and the budget agency concerning the administration and management of the fund and the program.
- (b) The authority may do the following under this chapter:**
- (1) Undertake activities to make private environmental insurance products available to encourage and facilitate the cleanup and redevelopment of brownfield properties.**
 - (2) Enter into agreements with political subdivisions to manage any of the following conducted on brownfield properties:**
 - (A) Environmental assessment activities.**
 - (B) Environmental remediation activities.**
- (c) The authority may:**
- (1) negotiate with;**
 - (2) select; and**
 - (3) contract with;**
- one (1) or more insurers to provide insurance products as described in subsection (b)(1).**
- (d) Notwithstanding IC 13-23, IC 13-24-1, and IC 13-25-4, the authority is not liable for any contamination addressed by the authority under an agreement under subsection (b)(2) unless existing contamination on the brownfield is exacerbated due to gross negligence or intentional misconduct by the authority.**
- (e) For purposes of subsection (d), reckless, willful, or wanton misconduct constitutes gross negligence.**
- (f) The authority is entitled to the same governmental immunity afforded a political subdivision under IC 34-13-3-3(23) for any act taken to investigate or remediate hazardous substances, petroleum, or other pollutants associated with a brownfield under an agreement under subsection (b)(2).**

SECTION 10. IC 13-19-5-7, AS AMENDED BY P.L.235-2005, SECTION 175, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) The authority may provide services to a ~~political subdivision person~~ **person (as defined in IC 13-11-2-158(a))** in connection with a ~~loan or other financial assistance, including advisory and other services,~~ **technical assistance, and liability clarification,** and may ~~charge assess and collect~~ a fee for:

- (1) services provided **to offset the costs of providing the services;** and
 - (2) costs and services incurred in the review or consideration of an application for a proposed loan or other financial assistance to or for the benefit of a political subdivision under this chapter, regardless of whether the application is approved or rejected.
- (b) A political subdivision may pay fees charged under this section.
- (c) The authority shall adopt guidelines for the assessment and collection of fees under this section.**
- (d) Fees collected under this section shall be deposited in the fund.**

SECTION 11. IC 13-19-5-8, AS AMENDED BY P.L.235-2005, SECTION 176, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. The authority may use a priority ranking system in making loans and providing other financial assistance under this chapter based on the following:

- (1) Socioeconomic distress in an area, as determined by the poverty level and unemployment rate in the area.
- (2) The technical evaluation ~~by the department~~ under section 3(8)(A) and 3(8)(B) of this chapter.
- (3) Other factors determined by the authority, including the following:
 - (A) The number and quality of jobs that would be generated by a project.
 - (B) Housing, recreational, and educational needs of communities.
 - (C) Any other factors the authority determines will assist in the implementation of this chapter.

SECTION 12. IC 13-19-5-9, AS AMENDED BY P.L.235-2005, SECTION 177, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) A loan or other financial assistance must be used for at least one (1) of the purposes under section 1 of this chapter and may be used for any of the following purposes:

- (1) To:
 - (A) establish guaranties, reserves, or sinking funds, including guaranties, reserves, or sinking funds to secure and pay, in whole or in part, loans or other financial assistance made from sources other than the fund (including financial institutions) for a purpose permitted by this chapter; or
 - (B) provide interest subsidies.
- (2) To pay financing charges, including interest on the loan or other financial assistance during remediation and for a reasonable period after the completion of remediation.
- (3) To pay consultant, advisory, and legal fees, and any other costs or expenses resulting from:

(A) the assessment, planning, or remediation of a brownfield; or

(B) the loan or other financial assistance.

(b) The authority shall establish the interest rate or parameters for establishing the interest rate on each loan made under this chapter, including parameters for establishing the amount of interest subsidies.

(c) The authority, in setting the interest rate or parameters for establishing the interest rate on each loan, may take into account the following:

- (1) Credit risk.
- (2) Environmental enforcement and protection.
- (3) Affordability.
- (4) Other fiscal factors the authority considers relevant, including the program's cost of funds and whether the financial assistance provided to a particular political subdivision is taxable or tax exempt under federal law.

Based on the factors set forth in subdivisions (1) through (4), more than one (1) interest rate may be established and used for loans or other financial assistance to different political subdivisions or for different loans or other financial assistance to the same political subdivision.

(d) Not more than ~~ten~~ **fifty** percent ~~(10%)~~ **(50%)** of the money available in the fund during a **state fiscal** year may be loaned or otherwise provided to any one (1) political subdivision **during that fiscal year**.

(e) Before a political subdivision may receive a loan or other financial assistance, including grants, from the fund, a political subdivision must submit the following:

- (1) Documentation of community and neighborhood comment concerning the use of a brownfield on which remediation activities will be undertaken after remediation activities are completed.
- (2) A plan for repayment of the loan or other financial assistance, if applicable.
- (3) An approving opinion of a nationally recognized bond counsel if required by the authority.
- (4) A summary of the environmental objectives of the proposed project.

(f) A political subdivision that receives a loan or other financial assistance from the fund shall enter into a financial assistance agreement. A financial assistance agreement is a valid, binding, and enforceable agreement of the political subdivision.

(g) The authority may sell or assign:

- (1) loans or evidence of other financial assistance; and
- (2) other obligations of political subdivisions evidencing the loans or other financial assistance from the fund;

at any price and on terms acceptable to the authority. Proceeds of sales or assignments under this subsection shall be deposited in the fund. A sale or an assignment under this subsection does not create a liability or an indebtedness of the state or the authority except, in the case of the authority, strictly in accordance with the sale or assignment terms.

(h) The authority may pledge loans or evidences of other financial assistance and other obligations of political subdivisions evidencing the loans or other financial assistance from the fund to secure other loans or financial assistance from the fund to or for the

benefit of political subdivisions. The terms of a pledge under this subsection must be approved by the budget agency. Notwithstanding any other law, a pledge of property made by the authority and approved by the budget agency under this subsection is binding from the time the pledge is made. Revenues, other money, or other property pledged and then received are immediately subject to the lien of the pledge without any further act. The lien of a pledge is binding against all parties having claims of any kind in tort, contract, or otherwise against the authority, a trustee, or the fund, regardless of whether the parties have notice of a lien. A resolution, an indenture, or other instrument by which a pledge is created is not required to be filed or recorded, except in the records of the authority. An action taken to enforce a pledge under this subsection and to realize the benefits of the pledge is limited to the property pledged. A pledge under this subsection does not create a liability or an indebtedness of the state or the authority except, in the case of the authority, strictly in accordance with the pledge terms.

SECTION 13. IC 13-23-5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) Subject to section 2 of this chapter, **and except as provided in subsection (b)**, an underground storage tank, whether of single or double wall construction, may not be installed before the effective date of the rules adopted under IC 13-23-1-2 for the purpose of storing regulated substances unless:

- (1) the tank will prevent releases due to corrosion or structural failure for the operational life of the tank;
- (2) the tank is:
 - (A) cathodically protected against corrosion;
 - (B) constructed of noncorrosive material;
 - (C) steel clad with a noncorrosive material; or
 - (D) designed to prevent the release or threatened release of any stored substance; ~~and~~
- (3) the material used in the construction or lining of the tank is compatible with the substance to be stored; **and**
- (4) **after July 1, 2007, all newly installed or replaced piping connected to the tank meets the secondary containment requirements adopted by the board.**

(b) An underground storage tank system that contains alcohol blended fuels composed of greater than fifteen percent (15%) alcohol is a petroleum UST system (as defined in 329 IAC 9-1-36 as in effect January 1, 2007) and may be installed during the period referred to in subsection (a) if the system is otherwise in compliance with rules adopted by the board concerning technical and safety requirements relating to the physical characteristics of underground petroleum storage tanks and ancillary equipment, including dispensing equipment, used in the storing or dispensing of alcohol blended fuels for purposes of:

- (1) IC 13-23-8-3(1)(A); and
- (2) all other provisions of this article.

(c) Owners and operators of underground storage tank systems that store, carry, or dispense alcohol blended fuels composed of greater than fifteen percent (15%) alcohol that comply with subsection (b) are considered to meet the standards of:

- (1) compatibility under subsection (a)(3); and
- (2) compliance for purposes of:

(A) IC 13-23-8-3; and

(B) all other provisions of this article.

SECTION 14. IC 13-23-8-3, AS AMENDED BY SEA 155-2007, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. For the purposes of section 2 of this chapter, the following amounts shall be used:

(1) If the underground petroleum storage tank that is involved in the occurrence for which claims are made:

(A) is not in compliance with rules adopted by the board concerning technical and safety requirements relating to the physical characteristics of underground petroleum storage tanks before the date the tank is required to be in compliance with the requirements; and

(B) is in compliance on a date required under the requirements described under section 4 of this chapter at the time a release was discovered;

the amount is thirty-five thousand dollars (\$35,000).

(2) If the underground petroleum storage tank that is involved in the occurrence for which claims are made:

(A) is in compliance with rules adopted by the board concerning technical and safety requirements relating to the physical characteristics of underground petroleum storage tanks before the date the tank is required to be in compliance with the requirements; ~~and~~

(B) is not a double walled underground petroleum storage tank; ~~with and~~

(C) has piping that has does not have secondary containment;

the amount is twenty-five thousand dollars (\$25,000).

(3) If the underground petroleum storage tank that is involved in the occurrence for which claims are made:

(A) is in compliance with rules adopted by the board concerning technical and safety requirements relating to the physical characteristics of underground petroleum storage tanks before the date the tank is required to be in compliance with the requirements;

(B) is not a double walled underground petroleum storage tank; and

(C) has piping that has secondary containment;

the amount is twenty-five thousand dollars (\$25,000).

(4) If the underground petroleum storage tank that is involved in the occurrence for which claims are made:

(A) is in compliance with rules adopted by the board concerning technical and safety requirements relating to the physical characteristics of underground petroleum storage tanks before the date the tank is required to be in compliance with the requirements;

(B) is a double walled underground petroleum storage tank; and

(C) has piping that does not have secondary containment;

the amount is twenty-five thousand dollars (\$25,000).

~~(5)~~ **(5) If the underground petroleum storage tank that is involved in the occurrence for which claims are made:**

(A) is in compliance with rules adopted by the board concerning technical and safety requirements relating to the physical characteristics of underground petroleum storage tanks before the date the tank is required to be in

compliance with the requirements; ~~and~~

(B) is a double walled underground petroleum storage tank; ~~with and~~

(C) has piping that has secondary containment;
the amount is twenty thousand dollars (\$20,000).

SECTION 15. IC 13-23-13-16 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 16. (a) A political subdivision or unit of federal or state government that acquired ownership or control of an underground storage tank on a brownfield by any of the means listed in IC 13-11-2-150(c) and IC 13-11-2-151(b) may undertake any activity in conjunction with:**

(1) investigation or remediation of hazardous substances, petroleum, and other pollutants associated with a brownfield, including complying with land use restrictions and institutional controls; or

(2) monitoring or closure of an underground storage tank; without being considered as contributing to the existing release or threatened release of a regulated substance on, in, or at the brownfield unless existing contamination on the brownfield is exacerbated due to gross negligence or intentional misconduct by the political subdivision or unit of federal or state government.

(b) For purposes of subsection (a), reckless, willful, or wanton misconduct constitutes gross negligence.

SECTION 16. IC 13-23-16 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

Chapter 16. Notice of Release, Spill, or Overfill

Sec. 1. A citation in this chapter to a rule refers to the rule as in effect on January 1, 2007.

Sec. 2. If the department receives a report concerning:

(1) the discovery of released regulated substances at an underground storage tank site or in the surrounding area under 329 IAC 9-4-1(1); or

(2) a spill or overfill under 329 IAC 9-4-4(a);

the department shall, not more than seven (7) days after receiving the report, provide notice of the release, spill, or overfill to the county health officer of each county in which the release, spill, or overfill occurred.

Sec. 3. Not more than seven (7) days after receiving a notice from the department under section 2 of this chapter, a county health officer shall do the following:

(1) Publish notice of the release, spill, or overfill in a newspaper of general circulation in the county health officer's county.

(2) Provide any other notice of the release, spill, or overfill the county health officer considers necessary or appropriate.

Sec. 4. Notice provided by a county health officer under section 3 of this chapter must include:

(1) the same information reported to the department under 329 IAC 9-4-1(1) or 329 IAC 9-4-4(a); and

(2) any other information the county health officer considers necessary or appropriate.

SECTION 17. IC 13-25-4-8, AS AMENDED BY P.L.1-2006, SECTION 205, IS AMENDED TO READ AS FOLLOWS

[EFFECTIVE JULY 1, 2007]: Sec. 8. (a) Except as provided in subsection (b), (c), or (d), a person that is liable under Section 107(a) of CERCLA (42 U.S.C. 9607(a)) for:

- (1) the costs of removal or remedial action incurred by the commissioner consistent with the national contingency plan;
- (2) the costs of any health assessment or health effects study carried out by or on behalf of the commissioner under Section 104(i) of CERCLA (42 U.S.C. 9604(i)); or
- (3) damages for:
 - (A) injury to;
 - (B) destruction of; or
 - (C) loss of;
 - natural resources of Indiana;

is liable, in the same manner and to the same extent, to the state under this section.

(b) The exceptions provided by Sections 107(b), 107(q), and 107(r) of CERCLA (42 U.S.C. 9607(b), 42 U.S.C. 9607(q), and 42 U.S.C. 9607(r)) to liability otherwise imposed by Section 107(a) of CERCLA (42 U.S.C. 9607(a)) are equally applicable to any liability otherwise imposed under subsection (a).

(c) Notwithstanding any liability imposed by the environmental management laws, a lender, a secured or unsecured creditor, or a fiduciary is not liable under the environmental management laws, in connection with the release or threatened release of a hazardous substance from a facility unless the lender, the fiduciary, or creditor has participated in the management of the hazardous substance at the facility.

(d) Notwithstanding any liability imposed by the environmental management laws, the liability of a fiduciary for a release or threatened release of a hazardous substance from a facility that is held by the fiduciary in its fiduciary capacity may be satisfied only from the assets held by the fiduciary in the same estate or trust as the facility that gives rise to the liability.

(e) Except as provided in subsection (g), a political subdivision (as defined in IC 36-1-2-13) or unit of federal or state government is not liable to the state under this section for costs or damages associated with the presence of a hazardous substance on, in, or at a property in which the political subdivision or unit of federal or state government acquired an interest ~~in the property~~ because of:

- (1) bankruptcy;
- (2) foreclosure;
- (3) tax delinquency, including an acquisition under IC 6-1.1-24 or IC 6-1.1-25;
- (4) abandonment;
- (5) the exercise of eminent domain, including any purchase of property once an offer to purchase has been tendered under IC 32-24-1-5;
- (6) receivership;
- ~~(7) other circumstances in which the political subdivision or unit of federal or state government involuntarily acquired an interest in the property because of the political subdivision's or unit's function as sovereign;~~
- ~~(8) (7) transfer from another political subdivision or unit of federal or state government; or~~
- (8) acquiring an area needing redevelopment (as defined in IC 36-7-1-3) or conducting redevelopment activities, specifically under IC 36-7-14-22.2, IC 36-7-14-22.5, IC 36-7-15.1-15.1, IC 36-7-15.1-15.2, and**

IC 36-7-15.1-15.5;

(9) other circumstances in which the political subdivision or unit of federal or state government involuntarily acquired ownership or control because of the political subdivision's or unit's function as sovereign; or
~~(9) (10) any other means to conduct remedial actions on a brownfield.~~

(f) If a transfer of an interest in property as described in subsection (e) occurs, a person who owned, operated, or otherwise controlled the property immediately before the political subdivision or unit of federal or state government acquired the interest in the property remains liable under this section:

- (1) in the same manner; and
- (2) to the same extent;

as the person was liable immediately before the person's interest in the property was acquired by the political subdivision or unit of federal or state government.

(g) Notwithstanding subsection (e), a political subdivision or unit of federal or state government that causes or contributes to the release or threatened release of a hazardous substance on, in, or at a property remains subject to this section:

- (1) in the same manner; and
- (2) to the same extent;

as a nongovernmental entity under this section.

(h) Except as provided in subsection (i), a nonprofit corporation is not liable to the state under this section for costs or damages associated with the presence of a hazardous substance on, in, or at a property in which the nonprofit corporation acquired an interest to assist and support a political subdivision's revitalization and reuse of a brownfield for noncommercial purposes, including conservation, preservation, and recreation.

(i) Notwithstanding subsection (h), a nonprofit corporation that causes or contributes to a release or threatened release of a hazardous substance on, in, or at a property remains subject to this section:

- (1) in the same manner; and**
- (2) to the same extent;**

as any other nongovernmental entity under this section.

(j) A political subdivision or unit of federal or state government that establishes an exemption or defense under subsection (b) or (e) may undertake any activity related to:

- (1) investigation, removal, or remedial action on a brownfield, including complying with land use restrictions and institutional controls; or**
- (2) monitoring or closure of an underground storage tank; without being considered as contributing to the existing release or threatened release of hazardous substances on, in, or at the brownfield unless existing contamination on the brownfield is exacerbated due to gross negligence or intentional misconduct by the political subdivision or unit of federal or state government.**

(k) For purposes of subsection (j), reckless, willful, or wanton misconduct constitutes gross negligence.

SECTION 18. IC 13-26-5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. A district may do the following:

- (1) Sue or be sued.

- (2) Make contracts in the exercise of the rights, powers, and duties conferred upon the district.
- (3) Adopt and alter a seal and use the seal by causing the seal to be impressed, affixed, reproduced, or otherwise used. However, the failure to affix a seal does not affect the validity of an instrument.
- (4) Adopt, amend, and repeal the following:
- (A) Bylaws for the administration of the district's affairs.
 - (B) Rules and regulations for the following:
 - (i) The control of the administration and operation of the district's service and facilities.
 - (ii) The exercise of all of the district's rights of ownership.
- (5) Construct, acquire, lease, operate, or manage works and obtain rights, easements, licenses, money, contracts, accounts, liens, books, records, maps, or other property, whether real, personal, or mixed, of a person or an eligible entity.
- (6) Assume in whole or in part any liability or obligation of:
- (A) a person;
 - (B) a nonprofit water, sewage, or solid waste project system; or
 - (C) an eligible entity;
- including a pledge of part or all of the net revenues of a works to the debt service on outstanding bonds of an entity in whole or in part in the district and including a right on the part of the district to indemnify and protect a contracting party from loss or liability by reason of the failure of the district to perform an agreement assumed by the district or to act or discharge an obligation.
- (7) Fix, alter, charge, and collect reasonable rates and other charges in the area served by the district's facilities to every person whose premises are, whether directly or indirectly, supplied with water or provided with sewage or solid waste services by the facilities for the purpose of providing for the following:
- (A) The payment of the expenses of the district.
 - (B) The construction, acquisition, improvement, extension, repair, maintenance, and operation of the district's facilities and properties.
 - (C) The payment of principal or interest on the district's obligations.
 - (D) To fulfill the terms of agreements made with:
 - (i) the purchasers or holders of any obligations; or
 - (ii) a person or an eligible entity.
- (8) Except as provided in section 2.5 of this chapter, require connection to the district's sewer system of property producing sewage or similar waste, and require the discontinuance of use of privies, cesspools, septic tanks, and similar structures if:
- (A) there is an available sanitary sewer within three hundred (300) feet of the property line; ~~and~~
 - (B) the district has given written notice by certified mail to the property owner at the address of the property at least ninety (90) days before a date for connection to be stated in the notice; **and**
 - (C) **if the property is located outside the district's territory:**
 - (i) **the district has obtained and provided to the property owner (along with the notice required by**

clause (B)) a letter of recommendation from the local health department that there is a possible threat to the public's health; and

(ii) if the property is also located within the extraterritorial jurisdiction of a municipal sewage works under IC 13-9-23 or a public sanitation department under IC 36-9-25, the municipal works board or department of public sanitation has acknowledged in writing that the property is within the municipal sewage works or department of public sanitation's extraterritorial jurisdiction, but the municipal works board or department of public sanitation is unable to provide sewer service.

However, a district may not require the owner of a property described in this subdivision to connect to the district's sewer system if the property is already connected to a sewer system that has received an NPDES permit and has been determined to be functioning satisfactorily.

(9) Provide by ordinance for reasonable penalties for failure to connect and also apply to the circuit or superior court of the county in which the property is located for an order to force connection, with the cost of the action, including reasonable attorney's fees of the district, to be assessed by the court against the property owner in the action.

(10) Refuse the services of the district's facilities if the rates or other charges are not paid by the user.

(11) Control and supervise all property, works, easements, licenses, money, contracts, accounts, liens, books, records, maps, or other property rights and interests conveyed, delivered, transferred, or assigned to the district.

(12) Construct, acquire by purchase or otherwise, operate, lease, preserve, and maintain works considered necessary to accomplish the purposes of the district's establishment within or outside the district and enter into contracts for the operation of works owned, leased, or held by another entity, whether public or private.

(13) Hold, encumber, control, acquire by donation, purchase, or condemnation, construct, own, lease as lessee or lessor, use, and sell interests in real and personal property or franchises within or outside the district for:

- (A) the location or protection of works;
- (B) the relocation of buildings, structures, and improvements situated on land required by the district or for any other necessary purpose; or
- (C) obtaining or storing material to be used in constructing and maintaining the works.

(14) Upon consent of two-thirds (2/3) of the members of the board, merge or combine with another district into a single district on terms so that the surviving district:

- (A) is possessed of all rights, franchises, and authority of the constituent districts; and
- (B) is subject to all the liabilities, obligations, and duties of each of the constituent districts, with all rights of creditors of the constituent districts being preserved unimpaired.

(15) Provide by agreement with another eligible entity for the joint construction of works the district is authorized to construct if the construction is for the district's own benefit and that of the other entity. For this purpose the cooperating

entities may jointly appropriate land either within or outside their respective borders if all subsequent proceedings, actions, powers, liabilities, rights, and duties are those set forth by statute.

(16) Enter into contracts with a person, an eligible entity, the state, or the United States to provide services to the contracting party for any of the following:

- (A) The distribution or purification of water.
- (B) The collection or treatment of sanitary sewage.
- (C) The collection, disposal, or recovery of solid waste.

(17) Make provision for, contract for, or sell the district's byproducts or waste.

(18) Exercise the power of eminent domain.

(19) Remove or change the location of a fence, building, railroad, canal, or other structure or improvement located within or outside the district. If:

- (A) it is not feasible or economical to move the building, structure, or improvement situated in or upon land acquired; and
- (B) the cost is determined by the board to be less than that of purchase or condemnation;

the district may acquire land and construct, acquire, or install buildings, structures, or improvements similar in purpose to be exchanged for the buildings, structures, or improvements under contracts entered into between the owner and the district.

(20) Employ consulting engineers, superintendents, managers, and other engineering, construction, and accounting experts, attorneys, bond counsel, employees, and agents that are necessary for the accomplishment of the district's purpose and fix their compensation.

(21) Procure insurance against loss to the district by reason of damages to the district's properties, works, or improvements resulting from fire, theft, accident, or other casualty or because of the liability of the district for damages to persons or property occurring in the operations of the district's works and improvements or the conduct of the district's activities.

(22) Exercise the powers of the district without obtaining the consent of other eligible entities. However, the district shall:

- (A) restore or repair all public or private property damaged in carrying out the powers of the district and place the property in the property's original condition as nearly as practicable; or
- (B) pay adequate compensation for the property.

(23) Dispose of, by public or private sale or lease, real or personal property determined by the board to be no longer necessary or needed for the operation or purposes of the district.

SECTION 19. IC 13-26-11-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) The board shall, by ordinance, establish just and equitable rates or charges for the use of and the service provided by a works. The rates or charges are payable by the owner of each lot, parcel of land, or building that:

- (1) is connected with and uses a works; or
- (2) in any way uses or is served by a works.

(b) **Subject to section 15 of this chapter**, the board may

periodically change and readjust the rates or charges as provided in this article.

SECTION 20. IC 13-26-11-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 14. (a) The rates or charges established for a class of users of property served shall be extended to cover any additional premises served after the rates or charges are established that are in the same class, without the necessity of hearing or notice.

(b) **Subject to section 15 of this chapter**, a change or readjustment of the rates or charges may be made in the same manner as the rates or charges were originally established.

SECTION 21. IC 13-26-11-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 15. (a) A district authority is established in each regional sewage district established under this article.

(b) The district authority of a regional sewage district consists of the following:

(1) In the case of a regional sewage district located in one (1) county:

- (A) except as provided in clause (B), the county executive of that county; or
- (B) if the members of the county executive are trustees of the regional sewage district, the members of the county fiscal body.

(2) In the case of a regional sewage district located in more than one (1) county, one (1) county executive member, appointed by that member's county executive, from each county in which the district is located.

However, a person who serves on the board of trustees of a district may not be a member of the district authority.

(c) If a district adopts an ordinance increasing sewer rates and charges at a rate that is greater than five percent (5%) per year, as calculated from the rates and charges in effect from the date of the district's last rate increase before January 1, 2001, **the district shall mail, either separately or along with a periodic billing statement, a notice of the new rates and charges to each user of the sewer system who is affected by the increase. The notice:**

- (1) shall be mailed not later than seven (7) days after the district adopts the ordinance increasing the rates and charges; and**
- (2) must include a statement of a freeholder's rights under this section.**

(d) If subsection (c) applies, fifty (50) freeholders of the district or ten percent (10%) of the district's freeholders, whichever is fewer, may file a written petition objecting to the rates and charges of the district. A petition filed under this subsection must:

- (1) contain the name and address of each petitioner;
- (2) be filed with a member of the district authority, in the county where at least one (1) petitioner resides, not later than thirty (30) days after the district adopts the ordinance establishing the rates and charges; and
- (3) set forth the grounds for the freeholders' objection.

(d) If a petition meeting the requirements of **this** subsection **(c)** is filed, the district authority shall investigate and conduct a public hearing on the petition. If more than one (1) petition concerning a particular increase in rates and charges is filed, the district authority shall consider the objections set forth in all the petitions at the same public hearing.

(e) The district authority shall set the matter for public hearing not less than ten (10) business days but not later than twenty (20) business days after the petition has been filed. The district authority shall send notice of the hearing by certified mail to the district and the petitioner and publish the notice of the hearing in a newspaper of general circulation in each county in the district.

(f) Upon the date fixed in the notice, the district authority shall hear the evidence produced and determine whether the increased sewer rates and charges established by the board by ordinance are just and equitable rates and charges, according to the standards set forth in section 9 of this chapter. The district authority, by a majority vote, shall:

- (1) sustain the ordinance establishing the rates and charges;
- (2) sustain the petition; or
- (3) make any other ruling appropriate in the matter.

(g) The order of the district authority may be appealed by the district or a petitioner to the circuit court of the county in which the district is located. The court shall try the appeal without a jury and shall determine one (1) or both of the following:

- (1) Whether the board of trustees of the district, in adopting the ordinance increasing sewer rates and charges, followed the procedure required by this chapter.
- (2) Whether the increased sewer rates and charges established by the board by ordinance are just and equitable rates and charges, according to the standards set forth in section 9 of this chapter.

Either party may appeal the circuit court's decision in the same manner that other civil cases may be appealed.

SECTION 22. IC 13-30-9-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. This chapter applies to actions brought by the state or a private person. However, this chapter does not apply to an action brought by the state if the action arises from a site that:

- (1) is listed on the National Priorities List for hazardous substance response sites (40 CFR 300 et seq.);
- (2) scores at least twenty-five (25) under the Indiana scoring model under 329 IAC 7; or
- (3) is deemed by the commissioner to pose an imminent threat to human health or the environment.

SECTION 23. IC 13-30-9-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. A person may, ~~bring an environmental legal action against a~~ **bring an environmental legal action against a** ~~regardless of whether the person who~~ **regardless of whether the person who** caused or contributed to the release of a hazardous substance or petroleum into the surface or subsurface soil or groundwater that poses a risk to human health and the environment, **bring an environmental legal action against a person that caused or contributed to the release** to recover reasonable costs of a removal or remedial action involving the hazardous substances or petroleum.

SECTION 24. IC 36-1-7-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. This chapter applies to the following:

- (1) The state.
- (2) All political subdivisions.
- (3) All state agencies.
- (4) **Any of the following created by state law:**

(A) Public instrumentalities.

(B) Public corporate bodies.

~~(4) (5)~~ Another state to the extent authorized by the law of that state.

~~(5) (6)~~ Political subdivisions of states other than Indiana, to the extent authorized by laws of the other states.

~~(6) (7)~~ Agencies of the federal government, to the extent authorized by federal laws.

SECTION 25. IC 36-1-7-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) If an agreement under section 3 of this chapter:

(1) involves as parties:

(A) only Indiana political subdivisions; or

(B) an Indiana political subdivision and:

(i) a public instrumentality; or

(ii) a public corporate body;

created by state law;

(2) is approved by the fiscal body of each party **that is an Indiana political subdivision** either before or after ~~it the agreement~~ **the agreement** is entered into by the ~~executives executive~~ **parties; party;** and

(3) delegates to the treasurer or disbursing officer of one (1) of the parties **that is an Indiana political subdivision** the duty to receive, disburse, and account for all monies of the joint undertaking;

then the approval of the attorney general is not required.

(b) If subsection (a) does not apply, an agreement under section 3 of this chapter must be submitted to the attorney general for ~~his~~ **the attorney general's** approval. The attorney general shall approve the agreement unless ~~he the attorney general~~ **he the attorney general** finds that it does not comply with the statutes, in which case ~~he the attorney general~~ **he the attorney general** shall detail in writing for the ~~executives of the~~ **parties the** specific respects in which the agreement does not comply. If the attorney general fails to disapprove the agreement within sixty (60) days after it is submitted to ~~him; the attorney general~~, **the attorney general**, it is considered approved.

SECTION 26. IC 36-1-7-15, AS AMENDED BY P.L.203-2005, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15. (a) As used in this section, "economic development entity" means **any of the following:**

(1) A department of redevelopment organized under IC 36-7-14.

(2) A department of metropolitan development under IC 36-7-15.1.

(3) A port authority organized under IC 8-10-5. or

(4) An airport authority organized under IC 8-22-3.

(5) The Indiana finance authority.

(b) Notwithstanding section 2 of this chapter, two (2) or more economic development entities may enter into a written agreement under section 3 of this chapter if the agreement is approved by each entity's governing body.

(c) A party to an agreement under this section may do one (1) or more of the following:

(1) Except as provided in subsection (d), grant one (1) or more of its powers to another party to the agreement.

(2) Exercise any power granted to it by a party to the agreement.

(3) Pledge any of its revenues, including taxes or allocated taxes under IC 36-7-14, IC 36-7-15.1, or IC 8-22-3.5, to the bonds or lease rental obligations of another party to the agreement under IC 5-1-14-4.

(d) An economic development entity may not grant to another entity the power to tax or to establish an allocation area under IC 8-22-3.5, IC 36-7-14-39, or IC 36-7-15.1.

(e) An agreement under this section does not have to comply with section 3(a)(5) or 4 of this chapter.

(f) An action to challenge the validity of an agreement under this section must be brought within thirty (30) days after the agreement has been approved by all the parties to the agreement. After that period has passed, the agreement is not contestable for any cause.

SECTION 27. IC 36-7-1-3, AS AMENDED BY P.L.185-2005, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. "Area needing redevelopment" means an area in which normal development and occupancy are undesirable or impossible because of **any of the following**:

- (1) Lack of development.
- (2) Cessation of growth.
- (3) Deteriorated or deteriorating improvements.
- (4) Environmental contamination.**
- ~~(4)~~ **(5) Character of occupancy.**
- ~~(5)~~ **(6) Age.**
- ~~(6)~~ **(7) Obsolescence.**
- ~~(7)~~ **(8) Substandard buildings.** or
- ~~(8)~~ **(9) Other factors that impair values or prevent a normal use or development of property.**

SECTION 28. IC 36-7-1-18, AS AMENDED BY P.L.185-2005, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 18. "Redevelopment" includes the following activities:

- (1) Acquiring real property in areas needing redevelopment.
- (2) Replatting and determining the proper use of real property acquired.
- (3) Opening, closing, relocating, widening, and improving public ways.
- (4) Relocating, constructing, and improving sewers, utility services, offstreet parking facilities, and levees.
- (5) Laying out and constructing necessary public improvements, including parks, playgrounds, and other recreational facilities.
- (6) Restricting the use of real property acquired according to law.
- (7) Repairing and maintaining buildings acquired, if demolition of those buildings is not considered necessary to carry out the redevelopment plan.
- (8) Rehabilitating real or personal property ~~whether or not acquired~~, to carry out the redevelopment or urban renewal plan, **regardless of whether the real or personal property is acquired by the unit.**
- (9) Investigating and remediating environmental contamination on real property to carry out the redevelopment or urban renewal plan, regardless of whether the real property is acquired by the unit.**
- ~~(9)~~ **(10) Disposing of property acquired on the terms and**

conditions and for the uses and purposes that best serve the interests of the units served by the redevelopment commission.

~~(10)~~ **(11) Making payments required or authorized by IC 8-23-17.**

~~(11)~~ **(12) Performing all acts incident to the statutory powers and duties of a redevelopment commission.**

SECTION 29. IC 36-7-1-18.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 18.5. "Remediation" has the meaning set forth in IC 13-11-2-186.**

SECTION 30. IC 36-7-14-2.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2.5. (a) The **assessment**, planning, replanning, **remediation**, development, and redevelopment of economic development areas:

(1) are public and governmental functions that cannot be accomplished through the ordinary operations of private enterprise because of:

- ~~(1)~~ **(A) the necessity for requiring the proper use of the land so as to best serve the interests of the county and its citizens; and**
- ~~(2)~~ **(B) the costs of these projects;**

~~(b) The planning, replanning, development, and redevelopment of economic development areas~~

- (2) will:
- ~~(1)~~ **(A) benefit the public health, safety, morals, and welfare;**
 - ~~(2)~~ **(B) increase the economic well-being of the unit and the state; and**
 - ~~(3)~~ **(C) serve to protect and increase property values in the unit and the state;**

~~(c) The planning, replanning, development, and redevelopment of economic development areas under this chapter~~

(3) are public uses and purposes for which public money may be spent and private property may be acquired.

~~(d)~~ **(b) This section and sections 41 and 43 of this chapter shall be liberally construed to carry out the purposes of this section.**

SECTION 31. IC 36-7-14-11, AS AMENDED BY P.L.185-2005, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 11. The redevelopment commission shall:

- (1) investigate, study, and survey areas needing redevelopment within the corporate boundaries of the unit;
- (2) investigate, study, determine, and, to the extent possible, combat the causes of areas needing redevelopment;
- (3) promote the use of land in the manner that best serves the interests of the unit and its inhabitants;
- (4) cooperate:
 - (A) with the departments and agencies of:**
 - (i) the unit; and or**
 - (ii) other governmental entities; and**
 - (B) with:**
 - (i) public instrumentalities; and**
 - (ii) public corporate bodies;**

in the manner that best serves the purposes of this chapter;

(5) make findings and reports on their activities under this section, and keep those reports open to inspection by the public at the offices of the department;

(6) select and acquire the areas needing redevelopment to be redeveloped under this chapter; and

(7) replan and dispose of the areas needing redevelopment in the manner that best serves the social and economic interests of the unit and its inhabitants.

SECTION 32. IC 36-7-14-12.2, AS AMENDED BY P.L.185-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12.2. (a) The redevelopment commission may **do the following**:

(1) Acquire by purchase, exchange, gift, grant, condemnation, or lease, or any combination of methods, any personal property or interest in real property needed for the redevelopment of areas needing redevelopment that are located within the corporate boundaries of the unit.

(2) Hold, use, sell (by conveyance by deed, land sale contract, or other instrument), exchange, lease, rent, or otherwise dispose of property acquired for use in the redevelopment of areas needing redevelopment on the terms and conditions that the commission considers best for the unit and its inhabitants.

(3) Sell, lease, or grant interests in all or part of the real property acquired for redevelopment purposes to any other department of the unit or to any other governmental agency for public ways, levees, sewerage, parks, playgrounds, schools, and other public purposes on any terms that may be agreed on.

(4) Clear real property acquired for redevelopment purposes.

(5) Enter on or into, inspect, investigate, and assess real property and structures acquired or to be acquired for redevelopment purposes to determine the existence, source, nature, and extent of any environmental contamination, including the following:

(A) Hazardous substances.

(B) Petroleum.

(C) Other pollutants.

(6) Remediate environmental contamination, including the following, found on any real property or structures acquired for redevelopment purposes:

(A) Hazardous substances.

(B) Petroleum.

(C) Other pollutants.

~~(5)~~ (7) Repair and maintain structures acquired for redevelopment purposes.

~~(6)~~ (8) Remodel, rebuild, enlarge, or make major structural improvements on structures acquired for redevelopment purposes.

~~(7)~~ (9) Survey or examine any land to determine whether it should be included within an area needing redevelopment to be acquired for redevelopment purposes and to determine the value of that land.

~~(8)~~ (10) Appear before any other department or agency of the unit, or before any other governmental agency in respect to any matter affecting:

(A) real property acquired or being acquired for redevelopment purposes; or

(B) any area needing redevelopment within the jurisdiction of the commissioners.

~~(9)~~ (11) Institute or defend in the name of the unit any civil action.

~~(10)~~ (12) Use any legal or equitable remedy that is necessary or considered proper to protect and enforce the rights of and perform the duties of the department of redevelopment.

~~(11)~~ (13) Exercise the power of eminent domain in the name of and within the corporate boundaries of the unit in the manner prescribed by section 20 of this chapter.

~~(12)~~ (14) Appoint an executive director, appraisers, real estate experts, engineers, architects, surveyors, and attorneys.

~~(13)~~ (15) Appoint clerks, guards, laborers, and other employees the commission considers advisable, except that those appointments must be made in accordance with the merit system of the unit if such a system exists.

~~(14)~~ (16) Prescribe the duties and regulate the compensation of employees of the department of redevelopment.

~~(15)~~ (17) Provide a pension and retirement system for employees of the department of redevelopment by using the Indiana public employees' retirement fund or a retirement plan approved by the United States Department of Housing and Urban Development.

~~(16)~~ (18) Discharge and appoint successors to employees of the department of redevelopment subject to subdivision ~~(13)~~; (15).

~~(17)~~ (19) Rent offices for use of the department of redevelopment, or accept the use of offices furnished by the unit.

~~(18)~~ (20) Equip the offices of the department of redevelopment with the necessary furniture, furnishings, equipment, records, and supplies.

~~(19)~~ (21) Expend, on behalf of the special taxing district, all or any part of the money of the special taxing district.

~~(20)~~ (22) Contract for the construction of:

(A) local public improvements (as defined in IC 36-7-14.5-6) or structures that are necessary for redevelopment of areas needing redevelopment or economic development within the corporate boundaries of the unit; or

(B) any structure that enhances development or economic development.

~~(21)~~ (23) Contract for the construction, extension, or improvement of pedestrian skyways.

~~(22)~~ (24) Accept loans, grants, and other forms of financial assistance from the federal government, the state government, a municipal corporation, a special taxing district, a foundation, or any other source.

~~(23)~~ (25) Provide financial assistance (including grants and loans) to enable individuals and families to purchase or lease residential units within the district. However, financial assistance may be provided only to individuals and families whose income is at or below the unit's median income for individuals and families, respectively.

~~(24)~~ (26) Provide financial assistance (including grants and loans) to neighborhood development corporations to permit them to:

(A) provide financial assistance for the purposes described in subdivision ~~(23)~~; **(25)**; or

(B) construct, rehabilitate, or repair commercial property within the district. ~~and~~

~~(25)~~ **(27)** Require as a condition of financial assistance to the owner of a multiple unit residential structure that any of the units leased by the owner must be leased:

(A) for a period to be determined by the commission, which may not be less than five (5) years;

(B) to families whose income does not exceed eighty percent (80%) of the unit's median income for families; and

(C) at an affordable rate.

(b) Conditions imposed by the commission under subsection ~~(a)(25)~~ **(a)(27)** remain in force throughout the period determined under subsection ~~(a)(25)(A)~~; **(a)(27)(A)**, even if the owner sells, leases, or conveys the property. The subsequent owner or lessee is bound by the conditions for the remainder of the period.

(c) As used in this section, "pedestrian skyway" means a pedestrian walkway within or outside of the public right-of-way and through and above public or private property and buildings, including all structural supports required to connect skyways to buildings or buildings under construction. Pedestrian skyways constructed, extended, or improved over or through public or private property constitute public property and public improvements, constitute a public use and purpose, and do not require vacation of any public way or other property.

(d) All powers that may be exercised under this chapter by the redevelopment commission may also be exercised by the redevelopment commission in carrying out its duties and purposes under IC 36-7-14.5.

SECTION 33. IC 36-7-14-12.3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12.3. IC 5-16-7 applies to:

(1) a person that enters into a contract with a redevelopment commission to perform construction work referred to in section 12.2(a)(4), ~~12.2(a)(6)~~; ~~12.2(a)(20)~~; or ~~12.2(a)(21)~~; **12.2(a)(7), 12.2(a)(22), or 12.2(a)(23)** of this chapter; and

(2) a subcontractor of a person described in subdivision (1); with respect to the construction work referred to in subdivision (1).

SECTION 34. IC 36-7-14-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. (a) A county may contract with a city within the county to have any of the duties and powers listed in sections 11 and 12.2 of this chapter performed by the redevelopment commission of the city.

(b) A city may contract with the county in which it is located to have any of the duties and powers listed in sections 11 and 12.2 of this chapter performed by the redevelopment commission of the county.

(c) A city or county may contract with:

(1) a public instrumentality; or

(2) a public corporate body;

created by state law to have the powers listed in section 12.2(a)(4) through 12.2(a)(7) of this chapter performed by the public instrumentality or public corporate body.

~~(c)~~ **(d)** A contract made under this section must be for a stated and limited period and may be renewed.

~~(d)~~ **(e)** Whenever a city official acts under a contract made under

this section, or whenever permits or other writings are used under such a contract, the action or use must be in the name of the county redevelopment commission.

SECTION 35. IC 36-7-14-15, AS AMENDED BY P.L.185-2005, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15. (a) Whenever the redevelopment commission finds that:

(1) an area in the territory under their jurisdiction is an area needing redevelopment;

(2) the conditions described in IC 36-7-1-3 cannot be corrected in the area by regulatory processes or the ordinary operations of private enterprise without resort to this chapter; and

(3) the public health and welfare will be benefited by the acquisition and redevelopment of the area under this chapter;

the commission shall cause to be prepared the data described in subsection (b).

(b) After making a finding under subsection (a), the commission shall cause to be prepared:

(1) maps and plats showing:

(A) the boundaries of the area needing redevelopment, the location of the various parcels of property, streets, alleys, and other features affecting the acquisition, clearance, **remediation**, replatting, replanning, rezoning, or redevelopment of the area, indicating any parcels of property to be excluded from the acquisition; and

(B) the parts of the area acquired that are to be devoted to public ways, levees, sewerage, parks, playgrounds, and other public purposes under the redevelopment plan;

(2) lists of the owners of the various parcels of property proposed to be acquired; and

(3) an estimate of the cost of acquisition and redevelopment.

(c) After completion of the data required by subsection (b), the redevelopment commission shall adopt a resolution declaring that:

(1) the area needing redevelopment is a menace to the social and economic interest of the unit and its inhabitants;

(2) it will be of public utility and benefit to acquire the area and redevelop it under this chapter; and

(3) the area is designated as a redevelopment project area for purposes of this chapter.

The resolution must state the general boundaries of the redevelopment project area, and that the department of redevelopment proposes to acquire all of the interests in the land within the boundaries, with certain designated exceptions, if there are any.

(d) For the purpose of adopting a resolution under subsection (c), it is sufficient to describe the boundaries of the redevelopment project area by its location in relation to public ways or streams, or otherwise, as determined by the commissioners. Property excepted from the acquisition may be described by street numbers or location.

SECTION 36. IC 36-7-14-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 21. (a) The redevelopment commission may proceed with the clearing and replanning of the area described in the resolution before the acquisition of all of that area. It may also proceed with the repair and maintenance of buildings that have been acquired and are not

to be cleared, **and with the following with respect to environmental contamination:**

- (1) Investigation.**
- (2) Remediation.**

~~This clearance, repair, and maintenance~~ **The redevelopment commission may be carried carry out activities under this subsection** by labor employed directly by the commission or by contract. Contracts for clearance may provide that the contractor is entitled to retain and dispose of salvaged material, as a part of the contract price or on the basis of stated prices for the amounts of the various materials actually salvaged.

(b) All contracts for material or labor under this section shall be let under IC 36-1.

(c) In the planning and rezoning of the real property acquired, the opening, closing, relocation, and improvement of public ways, and the construction, relocation, and improvement of levees, sewers, parking facilities, and utility services, the redevelopment commission shall proceed in the same manner as private owners of the property. It may negotiate with the proper officers and agencies of the unit to secure the proper orders, approvals, and consents.

(d) Any construction work required in connection with improvements in the area described in the resolution may be carried out by:

- (1) the appropriate municipal or county department or agency; or
- (2) the department of redevelopment, if:
 - (A) all plans, specifications, and drawings are approved by the appropriate department or agency; and
 - (B) the statutory procedures for the letting of contracts by the appropriate department or agency are followed by the department of redevelopment.

(e) The redevelopment commission may pay any charges or assessments made on account of orders, approval, consents, and construction work under this section, or may agree to pay these assessments in installments as provided by statute in the case of private owners. The commission may:

- (1) by special waiver filed with the municipal works board or county executive, waive the statutory procedure and notices required by law in order to create valid liens on private property; and
- (2) cause any assessments to be spread on a different basis than that provided by statute.

(f) None of the real property acquired under this chapter may be set aside and dedicated for public ways, parking facilities, sewers, levees, parks, or other public purposes until the redevelopment commission has obtained the consent and approval of the department or agency under whose jurisdiction the property will be placed.

SECTION 37. IC 36-7-14-30, AS AMENDED BY P.L.185-2005, SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 30. In addition to its authority under any other section of this chapter, the redevelopment commission may plan and undertake urban renewal projects. For purposes of this chapter, an urban renewal project includes undertakings and activities for the elimination and the prevention of the conditions described in IC 36-7-1-3, and may involve any work or undertaking that is performed for those

purposes and is related to a redevelopment project, or any rehabilitation or conservation work, or any combination of such an undertaking or work, such as **the following:**

(1) Carrying out plans for a program of voluntary or compulsory repair and rehabilitation of buildings or other improvements.

(2) Acquisition of real property and demolition, removal, or rehabilitation of buildings and improvements on the property when necessary **for the following:**

(A) To eliminate unhealthful, unsanitary, or unsafe conditions.

(B) To mitigate or eliminate environmental contamination.

(C) To do any of the following:

(i) Lessen density.

(ii) Reduce traffic hazards.

(iii) Eliminate uses that are obsolete or otherwise detrimental to the public welfare.

(iv) Otherwise remove or prevent the spread of the conditions described in IC 36-7-1-3. ~~or~~

(v) Provide land for needed public facilities.

(3) Installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out the objectives of the urban renewal project. ~~and~~

(4) The disposition, for uses in accordance with the objectives of the urban renewal project, of any property acquired in the area of the project.

SECTION 38. IC 36-7-14-32, AS AMENDED BY P.L.185-2005, SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 32. (a) In connection with the planning and undertaking of an urban renewal plan or urban renewal project, the redevelopment commission, municipal, county, public, and private officers, agencies, and bodies have all the rights, powers, privileges, duties, and immunities that they have with respect to a redevelopment plan or redevelopment project, as if all of the provisions of this chapter applicable to a redevelopment plan or redevelopment project were applicable to an urban renewal plan or urban renewal project.

(b) In addition to its other powers, the redevelopment commission may also:

(1) make plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements;

(2) make plans for the enforcement of laws and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements;

(3) make preliminary plans outlining urban renewal activities for neighborhoods to embrace two (2) or more urban renewal areas;

(4) make preliminary surveys, **including environmental assessments**, to determine if the undertaking and carrying out of an urban renewal project are feasible;

(5) make plans for the relocation of persons (including families, business concerns, and others) displaced by an urban renewal project;

(6) make relocation payments to or with respect to persons (including families, business concerns, and others) displaced by an urban renewal project, for moving expenses and losses of property for which reimbursement or compensation is not otherwise made, including the making of payments financed by the federal government; and

(7) develop, test, and report methods and techniques, and carry out demonstrations and other activities, for the prevention and the elimination of the conditions described in IC 36-7-1-3 in urban areas.

SECTION 39. IC 36-7-14-33 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 33. (a) Any:

- (1) political subdivision; ~~or~~
- (2) other governmental entity;
- (3) **public instrumentality created by state law; or**
- (4) **public body created by state law;**

may, in the area in which it is authorized to act, do all things necessary to aid and cooperate in the planning and undertaking of an urban renewal project, including furnishing the financial and other assistance that it is authorized by this chapter to furnish for or in connection with a redevelopment plan or redevelopment project.

(b) The redevelopment commission may delegate to:

- (1) an executive department of a unit or county; ~~or to~~
- (2) another governmental entity;
- (3) **a public instrumentality created by state law; or**
- (4) **a public body created by state law;**

any of the powers or functions of the commission with respect to the planning or undertaking of an urban renewal project in the area in which that department, ~~or~~ entity, **public instrumentality, or public body** is authorized to act. The department, ~~or~~ entity, **public instrumentality, or public body** may then carry out or perform those powers or functions for the commission.

(c) A unit, ~~or other~~ **another** governmental entity, **a public instrumentality created by state law, or a public body created by state law** may enter into agreements with the redevelopment commission or any other entity respecting action to be taken under this chapter, including the furnishing of funds or other assistance in connection with an urban renewal plan or urban renewal project. These agreements may extend over any period, notwithstanding any other law.

SECTION 40. IC 36-7-15.1-2, AS AMENDED BY P.L.185-2005, SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) The **assessment**, clearance, **remediation**, replanning, and redevelopment of areas needing redevelopment are public and governmental functions that cannot be accomplished through the ordinary operations of private enterprise, due to the necessity for the exercise of the power of eminent domain, the necessity for requiring the proper use of the land so as to best serve the interests of the county and its citizens, and the cost of these projects.

(b) The conditions that exist in areas needing redevelopment are beyond remedy and control by regulatory processes because of the obsolescence and deteriorated conditions of improvements, **environmental contamination**, faulty land use, shifting of population, and technological and social changes.

(c) The **assessment**, clearing, **remediation**, replanning, and redevelopment of areas needing redevelopment will benefit the

health, safety, morals, and welfare and will serve to protect and increase property values in the county and the state.

(d) The **assessment**, clearance, **remediation**, replanning, and redevelopment of areas needing redevelopment under this chapter are public uses and purposes for which public money may be spent and private property may be acquired.

(e) This chapter shall be liberally construed to carry out the purposes of this section.

SECTION 41. IC 36-7-15.1-6, AS AMENDED BY P.L.185-2005, SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. The commission shall:

- (1) investigate, study, and survey areas needing redevelopment within the redevelopment district;
- (2) investigate, study, determine, and to the extent possible combat the causes of the conditions described in IC 36-7-1-3;
- (3) promote the use of land in the manner that best serves the interests of the consolidated city and its inhabitants, both from the standpoint of human needs and economic values;
- (4) cooperate:

(A) with the departments and agencies of:

- (i) the city; and ~~or~~
- (ii) other governmental entities; **and**

(B) with:

- (i) **public instrumentalities; and**
 - (ii) **public bodies;**
- created by state law;**

in the manner that best serves the purposes of this chapter;

- (5) make findings and reports on its activities under this section, and keep those reports open to inspection by the public at the offices of the department;
- (6) select and acquire the areas needing redevelopment to be redeveloped under this chapter; and
- (7) replan and dispose of the areas needing redevelopment in the manner that best serves the social and economic interests of the city and its inhabitants.

SECTION 42. IC 36-7-15.1-7, AS AMENDED BY P.L.185-2005, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) In carrying out its duties and purposes under this chapter, the commission may do the following:

- (1) Acquire by purchase, exchange, gift, grant, lease, or condemnation, or any combination of methods, any real or personal property or interest in property needed for the redevelopment of areas needing redevelopment that are located within the redevelopment district.
- (2) Hold, use, sell (by conveyance by deed, land sale contract, or other instrument), exchange, lease, rent, invest in, or otherwise dispose of, through any combination of methods, property acquired for use in the redevelopment of areas needing redevelopment on the terms and conditions that the commission considers best for the city and its inhabitants.
- (3) Acquire from and sell, lease, or grant interests in all or part of the real property acquired for redevelopment purposes to any other department of the city, or to any other governmental agency, for public ways, levees, sewerage, parks, playgrounds, schools, and other public purposes, on

any terms that may be agreed upon.

(4) Clear real property acquired for redevelopment purposes.

(5) Enter on or into, inspect, investigate, and assess real property and structures acquired or to be acquired for redevelopment purposes to determine the existence, source, nature, and extent of any environmental contamination, including the following:

(A) Hazardous substances.

(B) Petroleum.

(C) Other pollutants.

(6) Remediate environmental contamination, including the following, found on any real property or structures acquired for redevelopment purposes:

(A) Hazardous substances.

(B) Petroleum.

(C) Other pollutants.

~~(5)~~ (7) Repair and maintain structures acquired or to be acquired for redevelopment purposes.

~~(6)~~ (8) Enter upon, survey, or examine any land, to determine whether it should be included within an area needing redevelopment to be acquired for redevelopment purposes, and determine the value of that land.

~~(7)~~ (9) Appear before any other department or agency of the city, or before any other governmental agency in respect to any matter affecting:

(A) real property acquired or being acquired for redevelopment purposes; or

(B) any area needing redevelopment within the jurisdiction of the commission.

~~(8)~~ (10) Exercise the power of eminent domain in the name of the city, within the redevelopment district, in the manner prescribed by this chapter.

~~(9)~~ (11) Establish a uniform fee schedule whenever appropriate for the performance of governmental assistance, or for providing materials and supplies to private persons in project or program related activities.

~~(10)~~ (12) Expend, on behalf of the redevelopment district, all or any part of the money available for the purposes of this chapter.

~~(11)~~ (13) Contract for the construction, extension, or improvement of pedestrian skyways.

~~(12)~~ (14) Accept loans, grants, and other forms of financial assistance from the federal government, the state government, a municipal corporation, a special taxing district, a foundation, or any other source.

~~(13)~~ (15) Provide financial assistance (including grants and loans) to enable individuals and families to purchase or lease residential units within the district. However, financial assistance may be provided only to those individuals and families whose income is at or below the county's median income for individuals and families, respectively.

~~(14)~~ (16) Provide financial assistance (including grants and loans) to neighborhood development corporations to permit them to:

(A) provide financial assistance for the purposes described in subdivision ~~(13)~~; (15); or

(B) construct, rehabilitate, or repair commercial property within the district.

~~(15)~~ (17) Require as a condition of financial assistance to the owner of a multiunit residential structure that any of the units leased by the owner must be leased:

(A) for a period to be determined by the commission, which may not be less than five (5) years;

(B) to families whose income does not exceed eighty percent (80%) of the county's median income for families; and

(C) at an affordable rate.

Conditions imposed by the commission under this subdivision remain in force throughout the period determined under clause (A), even if the owner sells, leases, or conveys the property. The subsequent owner or lessee is bound by the conditions for the remainder of the period.

~~(16)~~ (18) Provide programs in job training, job enrichment, and basic skill development for residents of an enterprise zone.

~~(17)~~ (19) Provide loans and grants for the purpose of stimulating business activity in an enterprise zone or providing employment for residents of an enterprise zone.

~~(18)~~ (20) Contract for the construction, extension, or improvement of:

(A) public ways, sidewalks, sewers, waterlines, parking facilities, park or recreational areas, or other local public improvements (as defined in IC 36-7-15.3-6) or structures that are necessary for redevelopment of areas needing redevelopment or economic development within the redevelopment district; or

(B) any structure that enhances development or economic development.

(b) In addition to its powers under subsection (a), the commission may plan and undertake, alone or in cooperation with other agencies, projects for the redevelopment of, rehabilitating, preventing the spread of, or eliminating slums or areas needing redevelopment, both residential and nonresidential, which projects may include any of the following:

(1) The repair or rehabilitation of buildings or other improvements by the commission, owners, or tenants.

(2) The acquisition of real property.

(3) Either of the following with respect to environmental contamination on real property:

(A) Investigation.

(B) Remediation.

~~(3)~~ (4) The demolition and removal of buildings or improvements on buildings acquired by the commission where necessary **for any of the following:**

(A) To eliminate unhealthful, unsanitary, or unsafe conditions.

(B) To mitigate or eliminate environmental contamination.

(C) To lessen density.

(D) To reduce traffic hazards.

(E) To eliminate obsolete or other uses detrimental to public welfare.

(F) To otherwise remove or prevent the conditions described in IC 36-7-1-3. ~~or~~

(G) To provide land for needed public facilities.

~~(4)~~ (5) The preparation of sites and the construction of improvements (such as public ways and utility connections) to facilitate the sale or lease of property.

~~(5)~~ (6) The construction of buildings or facilities for residential, commercial, industrial, public, or other uses.

~~(6)~~ (7) The disposition in accordance with this chapter, for uses in accordance with the plans for the projects, of any property acquired in connection with the projects.

(c) The commission may use its powers under this chapter relative to real property and interests in real property obtained by voluntary sale or transfer, even though the real property and interests in real property are not located in a redevelopment or urban renewal project area established by the adoption and confirmation of a resolution under sections ~~8(b)~~, ~~8(c)~~, 9, 10, and 11 of this chapter. In acquiring real property and interests in real property outside of a redevelopment or urban renewal project area, the commission shall comply with section 12(b) through 12(e) of this chapter. The commission shall hold, develop, use, and dispose of this real property and interests in real property substantially in accordance with section 15 of this chapter.

(d) As used in this section, "pedestrian skyway" means a pedestrian walkway within or outside of the public right-of-way and through and above public or private property and buildings, including all structural supports required to connect skyways to buildings or buildings under construction. Pedestrian skyways constructed, extended, or improved over or through public or private property constitute public property and public improvements, constitute a public use and purpose, and do not require vacation of any public way or other property.

(e) All powers that may be exercised under this chapter by the commission may also be exercised by the commission in carrying out its duties and purposes under IC 36-7-15.3.

SECTION 43. IC 36-7-15.1-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. (a) The commission may proceed with the clearing and replanning of the area described in the resolution before the acquisition of all of that area. It may also proceed with **any of the following**:

(1) The repair and maintenance of buildings that have been acquired and are not to be cleared.

(2) **Investigation of environmental contamination.**

(3) **Remediation of environmental contamination.**

~~This clearance, repair, and maintenance~~ **The commission may be carried carry out the activities under this subsection** by labor employed directly by the commission or by contract. Contracts for clearance may provide that the contractor is entitled to retain and dispose of salvaged material, as a part of the contract price or on the basis of stated prices for the amounts of the various materials actually salvaged.

(b) All contracts for material or labor under this section shall be let under IC 36-1.

(c) In the replanning and rezoning of the real property acquired, the opening, closing, relocation, and improvement of public ways, and the construction, relocation, or improvement of levees, sewers, and utility services, the commission shall proceed in the same manner as private owners of property. It may negotiate with the proper officers and agencies to secure the proper orders, approvals, and consents.

(d) The commission may pay any charges or assessments made on account of orders, approvals, consents, and construction work under this section, or may agree to pay these assessments in installments as provided by statute in the case of private owners.

The commission may:

(1) by special waiver filed with the works board, waive the statutory procedure and notices required by law in order to create valid liens on private property; and

(2) cause any assessments to be spread on a different basis than that provided by statute.

(e) None of the real property acquired under this chapter may be set aside and dedicated for public ways, sewers, levees, parks, or other public purposes until the commission has obtained the consent and approval of the department or agency under whose jurisdiction the property will be placed.

SECTION 44. IC 36-7-15.1-20, AS AMENDED BY P.L.185-2005, SECTION 35, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 20. In addition to its authority under any other section of this chapter, the commission may plan and undertake urban renewal projects. For purposes of this chapter, an urban renewal project includes undertakings and activities for the elimination or the prevention of the development or spread of the conditions described in IC 36-7-1-3, and may involve any work or undertaking that is performed for those purposes constituting a redevelopment project, or any rehabilitation or conservation work, or any combination of such an undertaking or work, such as **the following**:

(1) Carrying out plans for a program of voluntary or compulsory repair and rehabilitation of buildings or other improvements.

(2) Acquisition of real property and demolition, removal, or rehabilitation of buildings and improvements on the property when necessary to **do any of the following**:

(A) Eliminate unhealthful, unsanitary, or unsafe conditions.

(B) **Mitigate or eliminate environmental contamination.**

(C) Lessen density.

(D) Reduce traffic hazards.

(E) Eliminate uses that are obsolete or otherwise detrimental to the public welfare.

(F) Otherwise remove or prevent the spread of the conditions described in IC 36-7-1-3. ~~or~~

(G) Provide land for needed public facilities.

(3) Installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out the objectives of the urban renewal project. ~~and~~

(4) The disposition, for uses in accordance with the objectives of the urban renewal project, of any property acquired in the area of the project.

SECTION 45. IC 36-7-15.1-22, AS AMENDED BY P.L.185-2005, SECTION 36, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 22. (a) In connection with the planning and undertaking of an urban renewal plan or urban renewal project, the commission and all public and private officers, agencies, and bodies have all the rights, powers, privileges, duties, and immunities that they have with respect to a redevelopment plan or redevelopment project, as if all of the

provisions of this chapter applicable to a redevelopment plan or redevelopment project were applicable to an urban renewal plan or urban renewal project.

(b) In addition to its other powers, the commission may also:

- (1) make plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements;
- (2) make plans for the enforcement of laws and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements;
- (3) make preliminary plans outlining urban renewal activities for neighborhoods to embrace two (2) or more urban renewal areas;
- (4) make preliminary surveys, **including environmental assessments**, to determine if the undertaking and carrying out of an urban renewal project are feasible;
- (5) make plans for the relocation of persons (including families, business concerns, and others) displaced by an urban renewal project;
- (6) make relocation payments in accordance with eligibility requirements of IC 8-23-17 or the Uniform Relocation Assistance and Real Property Acquisitions Policy Act of 1970 (42 U.S.C. 4621 et seq.) to or with respect to persons (including families, business concerns, and others) displaced by an urban renewal project, for moving expenses and losses of property for which reimbursement or compensation is not otherwise made, including the making of payments financed by the federal government; and
- (7) develop, test, and report methods and techniques, and carry out demonstrations and other activities, for the prevention and the elimination of the conditions described in IC 36-7-1-3 in urban areas.

SECTION 46. IC 36-7-15.1-23 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 23. (a) Any:

- (1) political subdivision; ~~or~~
- (2) other governmental entity;
- (3) **public instrumentality created by state law; or**
- (4) **public body created by state law;**

may, in the area in which it is authorized to act, do all things necessary to aid and cooperate in the planning and undertaking of an urban renewal project, including furnishing the financial and other assistance that it is authorized by this chapter to furnish for or in connection with a redevelopment plan or redevelopment project.

(b) The commission may delegate to:

- (1) an executive department of the consolidated city or county; ~~or to~~
- (2) another governmental entity;
- (3) **a public instrumentality created by state law; or**
- (4) **a public body created by state law;**

any of the powers or functions of the commission with respect to the planning or undertaking of an urban renewal project in the area in which that department or entity is authorized to act. The department, ~~or~~ entity, **public instrumentality, or public body** may then carry out or perform those powers or functions for the commission.

(c) A unit, ~~or other another~~ governmental entity, **a public**

instrumentality created by state law, or a public body created by state law may enter into agreements with the commission or any other entity respecting action to be taken under this chapter, including the furnishing of funds or other assistance in connection with an urban renewal plan or urban renewal project. These agreements may extend over any period, notwithstanding any other law.

SECTION 47. IC 36-7-15.1-41 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 41. (a) A political subdivision, ~~or other another~~ governmental entity, **a public instrumentality created by state law, or a public body created by state law** may, in the area in which it is authorized to act, do all things necessary to aid and cooperate in the planning and undertaking of a redevelopment or economic development project, including furnishing the financial and other assistance that it is authorized by this chapter to furnish for or in connection with a redevelopment plan or redevelopment project.

(b) A unit, ~~or other another~~ governmental entity, **a public instrumentality created by state law, or a public body created by state law** may enter into agreements with the commission or any other entity respecting action to be taken under this chapter, including the furnishing of funds or other assistance in connection with a redevelopment or economic development plan or project. These agreements may extend over any period, notwithstanding any other law.

SECTION 48. [EFFECTIVE UPON PASSAGE] (a) **An underground storage tank system that contains fuel composed of greater than fifteen percent (15%) alcohol is considered to comply with IC 13-23-5-1(b), as added by this act, if either of the following applies:**

- (1) **The system predates the effective date of this act.**
- (2) **The system predates the solid waste management board's adoption after the effective date of this act of any additional rules concerning technical and safety requirements for storing and dispensing alcohol blended fuel.**

(b) **Replacement tanks or ancillary equipment installed in existing underground storage tank systems storing or dispensing alcohol blended fuels must meet the standards contained in additional rules adopted by the solid waste management board as described in subsection (a)(2) only if the installation occurs after the adoption of those rules.**

SECTION 49. [EFFECTIVE UPON PASSAGE] **The general assembly having received and considered testimony concerning possible unresolved questions about the statute of limitations that should apply to the environmental legal action statute (IC 13-30-9), and having determined that this matter should be carefully considered, directs the legislative council to provide for an interim study committee to study and make recommendations concerning the clarification of this matter.**

SECTION 50. **An emergency is declared for this act.**

(Reference is to ESB 1192 as reprinted March 27, 2007.)

Hoy, Chair	Gard
Ulmer	Tallian
House Conferees	Senate Conferees

Roll Call 534: yeas 48, nays 0. Report adopted.

SENATE MOTION

Madam President: I move that the Senate rescind its action whereby it adopted the Conference Committee Report #1 on Engrossed Senate Bill 450.

MILLER

Motion prevailed.

SENATE MOTION

Madam President: I move that the Senate rescind its action whereby it adopted the Motion to Dissent on Engrossed Senate Bill 450 and that said Motion be withdrawn.

SIPES

Motion prevailed.

SENATE MOTION

Madam President: I move that Senate Rule 83(a) be suspended with regard to its application to the following Conference Committee Reports: 390-1, 1379-2, 1386-1, 503-2, 1659-1, and 1835-1.

LONG

Motion prevailed.

CONFERENCE COMMITTEE REPORTS

CONFERENCE COMMITTEE REPORT

EHB 1237-1

Madam President: Your Conference Committee appointed to confer with a like committee from the House upon Engrossed Senate Amendments to Engrossed House Bill 1237 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

Page 3, after line 37, begin a new paragraph and insert:

"SECTION 8. IC 9-19-10-3.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 3.1. (a) Except as provided in subsection (b), a vehicle may be stopped to determine compliance with this chapter. However, a vehicle, the contents of a vehicle, the driver of a vehicle, or a passenger in a vehicle may not be inspected, searched, or detained solely because of a violation of this chapter.**

(b) A law enforcement agency may not use a safety belt checkpoint to detect and issue a citation for a person's failure to comply with this chapter.

SECTION 9. IC 9-19-10-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) Failure to comply with section 1, 2, 3, **3.1(a)**, or 4 of this chapter does not constitute fault under IC 34-51-2 and does not limit the liability of an insurer.

(b) Except as provided in subsection (c), evidence of the failure to comply with section 1, 2, 3, **3.1(a)**, or 4 of this chapter may not be admitted in a civil action to mitigate damages.

(c) Evidence of a failure to comply with this chapter may be admitted in a civil action as to mitigation of damages in a product liability action involving a motor vehicle restraint or supplemental restraint system. The defendant in such an action has the burden of proving noncompliance with this chapter and that compliance with this chapter would have reduced injuries, and the extent of the reduction.

SECTION 10. IC 9-19-10-3 IS REPEALED [EFFECTIVE JULY 1, 2007]."

Renumber all SECTIONS consecutively.
(Reference is to EHB 1237 as printed March 13, 2007.)

Welch, Chair	Wyss
Lawson	Rogers
House Conferees	Senate Conferees

Roll Call 535: yeas 31, nays 16. Report adopted.

CONFERENCE COMMITTEE REPORT

EHB 1426-1

Madam President: Your Conference Committee appointed to confer with a like committee from the House upon Engrossed Senate Amendments to Engrossed House Bill 1426 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 5-28-28 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 28. State Economic Incentives and Compliance Report

Sec. 1. This chapter applies to grants, loans, and tax credits: (1) applied for; and (2) awarded;

after June 30, 2007.

Sec. 2. As used in this chapter, "grant" refers to a grant given by the corporation.

Sec. 3. As used in this chapter, "loan": (1) refers to a loan made by the corporation, regardless of whether the loan is forgivable; and (2) includes a loan guarantee made by the corporation.

Sec. 4. As used in this chapter, "tax credit" means a state tax liability credit under any of the following:

- (1) IC 6-3.1-7.
- (2) IC 6-3.1-13.
- (3) IC 6-3.1-13.5.
- (4) IC 6-3.1-26.
- (5) IC 6-3.1-27.
- (6) IC 6-3.1-28.
- (7) IC 6-3.1-30.

Sec. 5. (a) Beginning February 1, 2008, the corporation shall:

(1) submit an economic incentives and compliance report to:

- (A) the governor; and
- (B) the legislative council in an electronic format under IC 5-14-6; and

(2) publish the report on the corporation's Internet web site;

on the schedule specified in subsection (b).

(b) Before August 2, 2009, the corporation shall submit and publish before February 1 and August 1 of each year an incentives and compliance report that covers the six (6) month period that ends one (1) month before the report is due. After August 1, 2009, the corporation shall submit and publish before August 1 of each year an incentives and compliance report that covers the twelve (12) month period that ends one (1) month before the report is due.

Sec. 6. The economic incentives and compliance report required under section 5 of this chapter must include at least the following:

(1) The total amount of each of the following:

- (A) Tax credits approved or awarded by the corporation.
- (B) Loans made by the corporation.
- (C) Grants made by the corporation.

(2) With respect to each recipient of a tax credit, loan, or grant referred to in subdivision (1):

- (A) The name and address of the recipient.
- (B) The amount of the tax credit, loan, or grant.
- (C) The purpose of the tax credit, loan, or grant.
- (D) Representations of the following made by the recipient at the time of application for the tax credit, loan, or grant:
 - (i) Numbers of employees to be hired, retained, or trained.
 - (ii) Certification by the corporation that each recipient is meeting the program requirements and representations made in the recipient's application concerning the wages and compensation provided to employees who have been or are to be hired, trained, or retrained.
 - (iii) Other benefits to be provided to employees to be hired, retained, or trained.

(E) The extent to which the recipient has complied with the representations referred to in clause (D).

Sec. 7. (a) If in the course of compiling information to complete a report required by section 5 of this chapter the corporation determines that a recipient of a grant or loan has not complied with the representations that the recipient made in obtaining the grant or loan, the corporation shall determine:

- (1) whether there was good cause for the noncompliance; and
- (2) whether the recipient is in default.

(b) If in the judgment of the corporation there is not good cause for any noncompliance discovered under subsection (a), the corporation may seek a refund or arrange other methods of reclaiming the grant or loan from the recipient. If the corporation does seek a refund or otherwise reclaims a grant or loan from the recipient under this section, the amount of the

refund or reclaimed part must be in proportion to the degree of default by the recipient as determined by the corporation.

(c) Subsection (b) does not apply to a recipient of a grant or loan if:

- (1) the grant or loan has been disbursed on a pro rata basis; and
- (2) in the judgment of the corporation, the recipient's performance in relation to the recipient's performance goals equals or exceeds the ratio of the amount of the recipient's actual benefit from the grant or loan to the total amount of the grant or loan originally contemplated in the grant or loan award.

SECTION 2. THE FOLLOWING ARE REPEALED [EFFECTIVE UPON PASSAGE]: IC 6-3.1-13-23; IC 6-3.1-26-24.

SECTION 3. An emergency is declared for this act.

(Reference is to EHB 1426 as reprinted March 20, 2007.)

Austin, Chair	Ford
Neese	Lanane
House Conferees	Senate Conferees

Roll Call 536: yeas 46, nays 0. Report adopted.

CONFERENCE COMMITTEE REPORT

EHB 1503-1

Madam President: Your Conference Committee appointed to confer with a like committee from the House upon Engrossed Senate Amendments to Engrossed House Bill 1503 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 16-35-7 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

Chapter 7. Deaths of Children

Sec. 1. The state department may receive funds from any source and expend the funds for the administration of this chapter.

Sec. 2. The state department shall adopt rules under IC 4-22-2 requiring hospitals and physicians to identify suspicious deaths of children who are less than eighteen (18) years of age.

Sec. 3. (a) The medical licensing board may adopt rules under IC 4-22-2 to certify a child death pathologist and to require special training to conduct autopsies on child fatalities.

(b) A child death pathologist must be a physician:

- (1) who is certified by the American Board of Pathology in forensic pathology;
- (2) who is certified in anatomic pathology by:
 - (A) the American Board of Pathology; or
 - (B) another certifying organization that:
 - (i) is comparable to the American Board of Pathology in its adherence to nationally or internationally recognized certification standards;

and

(ii) has been approved and recognized by the medical licensing board;

and has received special training in the area of child fatalities that has been approved by the medical licensing board; or

(3) who has received certification in the area of forensic pathology or child death pathology by a certifying organization that:

(A) is comparable to the American Board of Pathology in its adherence to nationally or internationally recognized certification standards; and

(B) that has been approved and recognized by the medical licensing board.

(c) The medical licensing board may approve an annual training program or provide a training program for pathologists concerning new procedures for child death investigations for physicians who want to become child death pathologists under subsection (b)(2). In approving or providing a training program, the medical licensing board shall consult and coordinate with pathologists who have received:

(1) certification in forensic pathology by the American Board of Pathology; or

(2) a comparable certification in forensic pathology.

SECTION 2. IC 16-37-1-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) A local health department may make a charge under IC 16-20-1-27 for each certificate of birth, death, or stillbirth registration.

(b) If the local department of health makes a charge for a certificate of death under subsection (a), ~~a one dollar (\$1)~~ the coroners continuing education fee **described in subsection (d)** must be added to the rate established under IC 16-20-1-27. The local department of health shall deposit any coroners continuing education fees with the county auditor within thirty (30) days after collection. The county auditor shall transfer semiannually any coroners continuing education fees to the treasurer of state.

(c) Notwithstanding IC 16-20-1-27, a charge may not be made for furnishing a certificate of birth, death, or stillbirth registration to a person or to a member of the family of a person who needs the certificate for one (1) of the following purposes:

(1) To establish the person's age or the dependency of a member of the person's family in connection with:

(A) the person's service in the armed forces of the United States; or

(B) a death pension or disability pension of a person who is serving or has served in the armed forces of the United States.

(2) To establish or to verify the age of a child in school who desires to secure a work permit.

(d) The coroners continuing education fee is:

(1) one dollar and seventy-five cents (\$1.75) after June 30, 2007, and before July 1, 2013;

(2) two dollars (\$2) after June 30, 2013, and before July 1, 2018;

(3) two dollars and twenty-five cents (\$2.25) after June 30, 2018, and before July 1, 2023;

(4) two dollars and fifty cents (\$2.50) after June 30, 2023, and before July 1, 2028;

(5) two dollars and seventy-five cents (\$2.75) after June 30, 2028, and before July 1, 2033;

(6) three dollars (\$3) after June 30, 2033, and before July 1, 2038;

(7) three dollars and twenty-five cents (\$3.25) after June 30, 2038, and before July 1, 2043; and

(8) three dollars and fifty cents (\$3.50) after June 30, 2043.

SECTION 3. IC 25-22.5-2-7, AS AMENDED BY P.L.1-2006, SECTION 447, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) The board shall do the following:

(1) Adopt rules and forms necessary to implement this article that concern, but are not limited to, the following areas:

(A) Qualification by education, residence, citizenship, training, and character for admission to an examination for licensure or by endorsement for licensure.

(B) The examination for licensure.

(C) The license or permit.

(D) Fees for examination, permit, licensure, and registration.

(E) Reinstatement of licenses and permits.

(F) Payment of costs in disciplinary proceedings conducted by the board.

(2) Administer oaths in matters relating to the discharge of its official duties.

(3) Enforce this article and assign to the personnel of the agency duties as may be necessary in the discharge of the board's duty.

(4) Maintain, through the agency, full and complete records of all applicants for licensure or permit and of all licenses and permits issued.

(5) Make available, upon request, the complete schedule of minimum requirements for licensure or permit.

(6) Issue, at the board's discretion, a temporary permit to an applicant for the interim from the date of application until the next regular meeting of the board.

(7) Issue an unlimited license, a limited license, or a temporary medical permit, depending upon the qualifications of the applicant, to any applicant who successfully fulfills all of the requirements of this article.

(8) Adopt rules establishing standards for the competent practice of medicine, osteopathic medicine, or any other form of practice regulated by a limited license or permit issued under this article.

(9) Adopt rules regarding the appropriate prescribing of Schedule III or Schedule IV controlled substances for the purpose of weight reduction or to control obesity.

(10) Adopt rules establishing standards for office based procedures that require moderate sedation, deep sedation, or general anesthesia.

(b) The board may adopt rules that establish:

(1) certification requirements for child death pathologists;

(2) an annual training program for child death pathologists under IC 16-35-7-3(b)(2); and

(3) a process to certify a qualified child death pathologist.

SECTION 4. IC 31-33-24-7, AS ADDED BY P.L.145-2006, SECTION 287, IS AMENDED TO READ AS FOLLOWS

[EFFECTIVE JULY 1, 2007]: Sec. 7. (a) A child fatality review consists of determining:

- (1) whether similar future deaths could be prevented; and
- (2) agencies or resources that should be involved to adequately prevent future deaths of children.

(b) In conducting the child fatality review under subsection (a), the local child fatality review team shall review every record concerning the deceased child that is held by the department.

(c) If a local child fatality review team requests records from a hospital, physician, coroner, or mental health professional regarding a death that the local child fatality review team is investigating, the hospital, physician, coroner, or mental health professional shall provide the requested records, subject to IC 34-30-15, to the child fatality review team.

SECTION 5. IC 31-33-24-9, AS ADDED BY P.L.145-2006, SECTION 287, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) A local child fatality review team consists of the following members:

- (1) A coroner or deputy coroner from the area served by the local child fatality review team.
- (2) A representative from:
 - (A) the health and hospital corporation of Marion County as set forth in IC 16-22-8;
 - (B) a local health department established under IC 16-20-2; or
 - (C) a multiple county health department established under IC 16-20-3;

from the area served by the local child fatality review team.

- (3) A physician residing or practicing medicine in the area served by the local child fatality review team.
- (4) A representative of law enforcement from the area served by the local child fatality review team.
- (5) A representative from an emergency medical services provider doing business in the area served by the local child fatality review team.
- (6) A director or manager of a local or regional office of the department from the area served by the local child fatality review team.
- (7) A representative of the prosecuting attorney from the area served by the local child fatality review team.
- (8) A pathologist with forensic experience who is licensed to practice medicine in Indiana **and who, if feasible, is certified by the American Board of Pathology in forensic pathology.**

(9) A representative from a fire department or volunteer fire department (as defined in IC 36-8-12-2) from the area served by the local child fatality review team.

(b) If a local child fatality review team is established in one (1) county, the legislative body that voted to establish the local child fatality review team under section 6 of this chapter shall:

- (1) adopt an ordinance for the appointment and reappointment of members of the local child fatality review team; and
- (2) appoint members to the local child fatality review team under the ordinance adopted.

(c) If a local child fatality review team is established in a region, the county legislative bodies that voted to establish the local child fatality review team under section 6 of this chapter shall:

- (1) each adopt substantially similar ordinances for the

appointment and reappointment of members of the local child fatality review team; and

- (2) appoint members to the local child fatality review team under the ordinances adopted.

SECTION 6. IC 31-33-24-15, AS ADDED BY P.L.145-2006, SECTION 287, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15. (a) The department shall collect and document information surrounding the deaths of children reviewed by local child fatality review teams. The department shall develop a data collection form that includes:

- (1) identifying and nonidentifying information;
- (2) information regarding the circumstances surrounding a death;
- (3) factors contributing to a death; and
- (4) findings and recommendations.

(b) The data collection form developed under this section must also be provided to:

- (1) the appropriate community child protection team; ~~and~~
- (2) as appropriate:
 - (A) the health and hospital corporation of Marion County as set forth in IC 16-22-8;
 - (B) the local health department established under IC 16-20-2; or
 - (C) the multiple county health department established under IC 16-20-3; **and**

(3) the appropriate coroner and the pathologist who performed the autopsy on the child.

SECTION 7. IC 31-33-25-7, AS ADDED BY P.L.145-2006, SECTION 288, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) A child fatality review conducted by the statewide child fatality review committee under this chapter must consist of determining:

- (1) whether similar future deaths could be prevented; and
- (2) agencies or resources that should be involved to adequately prevent future deaths of children.

(b) In conducting the child fatality review under subsection (a), the statewide child fatality review committee shall review every record concerning the deceased child that is held by:

- (1) the department of child services; or
- (2) a local child fatality review team.

(c) If the statewide child fatality review committee requests records from a hospital, physician, coroner, or mental health professional regarding a death that the statewide child fatality review committee is investigating, the hospital, physician, coroner, or mental health professional shall provide the requested records, subject to IC 34-30-15, to the statewide child fatality review committee.

SECTION 8. IC 31-33-25-8, AS ADDED BY P.L.145-2006, SECTION 288, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. The statewide child fatality review committee consists of the following members appointed by the governor:

- (1) a coroner or deputy coroner;
- (2) a representative from:
 - (A) the state department of health established by IC 16-19-1-1;
 - (B) a local health department established under IC 16-20-2; or

- (C) a multiple county health department established under IC 16-20-3;
- (3) a pediatrician;
- (4) a representative of law enforcement;
- (5) a representative from an emergency medical services provider;
- (6) the director or a representative of the department;
- (7) a representative of a prosecuting attorney;
- (8) a pathologist with forensic experience who is:
 - (A) certified by the American Board of Pathology in forensic pathology; and
 - (B) licensed to practice medicine in Indiana;
- (9) a mental health provider;
- (10) a representative of a child abuse prevention program; and
- (11) a representative of the department of education.

SECTION 9. IC 31-33-25-13, AS ADDED BY P.L.145-2006, SECTION 288, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13. (a) The department shall collect and document information surrounding the deaths of children reviewed by the statewide child fatality review committee. The department shall develop a data collection form that includes:

- (1) identifying and nonidentifying information;
- (2) information regarding the circumstances surrounding a death;
- (3) factors contributing to a death; and
- (4) findings and recommendations.

(b) The data collection form developed under this section must also be provided to:

- (1) the appropriate community child protection team established under IC 31-33-3; and
- (2) the appropriate:
 - (A) local health department established under IC 16-20-2; or
 - (B) multiple county health department established under IC 16-20-3; and

(3) the appropriate coroner and the pathologist who performed the autopsy on the child.

SECTION 10. IC 36-2-14-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1.5. As used in this chapter, "child death pathologist" means a physician described in IC 16-35-7-3(b).

SECTION 11. IC 36-2-14-5.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5.5. A child death pathologist shall:

- (1) consult with a coroner concerning a death described in section 6.3(b) of this chapter;**
- (2) conduct an autopsy of a child as described in sections 6.3(c) and 6.7(b) of this chapter; and**
- (3) perform duties described in section 6.7(e) of this chapter.**

SECTION 12. IC 36-2-14-6, AS AMENDED BY SEA 271-2007, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) Whenever the coroner is notified that a person in the county:

- (1) has died from violence;
- (2) has died by casualty;

- (3) has died when apparently in good health;
- (4) has died in an apparently suspicious, unusual, or unnatural manner; or
- (5) has been found dead;

the coroner shall, before the scene of the death is disturbed, notify a law enforcement agency having jurisdiction in that area. The agency shall assist the coroner in conducting an investigation of how the person died and a medical investigation of the cause of death. The coroner may hold the remains of the decedent until the investigation of how the person died and the medical investigation of the cause of death are concluded.

(b) The coroner:

- (1) shall file with the person in charge of interment a coroner's certificate of death within seventy-two (72) hours after being notified of the death. If the cause of death is not established with reasonable certainty within seventy-two (72) hours, the coroner shall file with the person in charge of interment a coroner's certificate of death, with the cause of death designated as "deferred pending further action". As soon as the coroner determines the cause of death, the coroner shall file a supplemental report indicating the exact findings with the local health officer having jurisdiction, who shall make it part of the official records: a certificate of death with the county health department, or, if applicable, a multiple county health department, of the county in which the individual died, within seventy-two (72) hours after the completion of the death investigation;**
- (2) shall complete the certificate of death utilizing all verifiable information establishing the time and date of death; and**
- (3) may file a pending investigation certificate of death before completing the certificate of death, if necessary.**

(c) If this section applies, the body and the scene of death may not be disturbed until the coroner has photographed them in the manner that most fully discloses how the person died. However, a coroner or law enforcement officer may order a body to be moved before photographs are taken if the position or location of the body unduly interferes with activities carried on where the body is found, but the body may not be moved from the immediate area and must be moved without substantially destroying or altering the evidence present.

(d) When acting under this section, if the coroner considers it necessary to have an autopsy performed, is required to perform an autopsy under subsection (f), or is requested by the prosecuting attorney of the county to perform an autopsy, the coroner shall employ a: ~~physician:~~

- (1) **physician** certified by the American board of pathology; or
- (2) ~~holding an unlimited license to practice medicine in Indiana and~~ **pathology resident** acting under the ~~direction~~ **direct supervision** of a physician certified in **anatomic pathology** by the American board of pathology;

to perform the autopsy. The physician performing the autopsy shall be paid a fee of at least fifty dollars (\$50) from the county treasury. ~~A coroner may employ the services of the medical examiner system, provided for in IC 4-23-6-6, when an autopsy is required, as long as this subsection is met.~~

(e) If:

- (1) at the request of:
 - (A) the decedent's spouse;
 - (B) a child of the decedent, if the decedent does not have a spouse;
 - (C) a parent of the decedent, if the decedent does not have a spouse or children;
 - (D) a brother or sister of the decedent, if the decedent does not have a spouse, children, or parents; or
 - (E) a grandparent of the decedent, if the decedent does not have a spouse, children, parents, brothers, or sisters;
- (2) in any death, ~~where~~ two (2) or more witnesses who corroborate the circumstances surrounding death are present; and
- (3) two (2) physicians who are licensed to practice medicine in the state and who have made separate examinations of the decedent certify the same cause of death in an affidavit within twenty-four (24) hours after death;

an autopsy need not be performed. The affidavits shall be filed with the circuit court clerk.

(f) A county coroner may not certify the cause of death in the case of the sudden and unexpected death of a child who is ~~at least one (1) week old and not more~~ less than three (3) years old unless an autopsy is performed at county expense. However, a coroner may certify the cause of death of a child described in this subsection without the performance of an autopsy if subsection (e) applies to the death of the child.

(g) After consultation with the law enforcement agency investigating the death of a decedent, the coroner shall do the following:

- (1) Inform a crematory authority if a person is barred under IC 23-14-31-26(c) from serving as the authorizing agent with respect to the cremation of the decedent's body because the coroner made the determination under IC 23-14-31-26(c)(2) in connection with the death of the decedent.
- (2) Inform a cemetery owner if a person is barred under IC 23-14-55-2(d) from authorizing the disposition of the body or cremated remains of the decedent because the coroner made the determination under IC 23-14-55-2(d)(2) in connection with the death of the decedent.
- (3) Inform a seller of prepaid services or merchandise if a person's contract is unenforceable under IC 30-2-13-23(b) because the coroner made the determination under IC 30-2-13-23(b)(4) in connection with the death of the decedent.

SECTION 13. IC 36-2-14-6.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 6.3. (a) A coroner shall notify:**

- (1) the local child fatality review team; or**
- (2) if the county does not have a local child fatality review team, the statewide child fatality review committee;**

of each death of a person who is less than eighteen (18) years of age, or appears to be less than eighteen (18) years of age, and who has died in an apparently suspicious, unusual, or unnatural manner.

(b) If a child less than eighteen (18) years of age dies in an apparently suspicious, unusual, or unnatural manner, the coroner shall consult with a child death pathologist to

determine whether an autopsy is necessary. If the coroner and the child death pathologist disagree over the need for an autopsy, the county prosecutor shall determine whether an autopsy is necessary. If the autopsy is considered necessary, a child death pathologist or a pathology resident acting under the direct supervision of a child death pathologist shall conduct the autopsy within twenty-four (24) hours. If the autopsy is not considered necessary, the autopsy shall not be conducted.

(c) If a child death pathologist and coroner agree under subsection (b) that an autopsy is necessary, the child death pathologist or a pathology resident acting under the direct supervision of a child death pathologist shall conduct the autopsy of the child.

SECTION 14. IC 36-2-14-6.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 6.7. (a) This section applies to a child who:**

- (1) died suddenly and unexpectedly;**
- (2) was less than three (3) years of age at the time of death; and**
- (3) was in apparent good health before dying.**

(b) A child death pathologist or a pathology resident acting under the direct supervision of a child death pathologist shall conduct an autopsy of a child described in subsection (a).

(c) A county coroner may not certify the cause of death of a child described in subsection (a) until an autopsy is performed at county expense.

(d) The county coroner shall contact the parent or guardian of a child described in subsection (a) and notify the parent or guardian that an autopsy will be conducted at county expense.

(e) The child death pathologist shall:

- (1) ensure that a tangible summary of the autopsy results is provided;**
- (2) provide informational material concerning sudden infant death syndrome; and**
- (3) unless the release of autopsy results would jeopardize a law enforcement investigation, provide notice that a parent or guardian has the right to receive the preliminary autopsy results;**

to the parents or guardian of the child within one (1) week after the autopsy.

(f) If a parent or guardian of a child described in subsection (a) requests the autopsy report of the child, the coroner shall provide the autopsy report to the parent or guardian within thirty (30) days after the:

- (1) request; or**
- (2) completion of the autopsy report;**

whichever is later, at no cost.

(g) A coroner shall notify:

- (1) a local child fatality review team; or**
- (2) if the county does not have a local child fatality review team, the statewide child fatality review committee;**

of the death of a child described in subsection (a).

SECTION 15. IC 36-2-14-12.5, AS ADDED BY HEA 1306-2007, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 12.5. (a) A coroner shall make all reasonable attempts to promptly identify human remains, including taking the following steps:**

- (1) Photograph the human remains before an autopsy is conducted.
 - (2) X-ray the human remains.
 - (3) Photograph items found with the human remains.
 - (4) Fingerprint the remains, if possible.
 - (5) Obtain tissue, bone, or hair samples suitable for DNA typing, if possible.
 - (6) Collect any other information relevant to identification efforts.
- (b) A coroner may not dispose of unidentified human remains or take any other action that will materially affect the condition of the remains until the coroner has taken the steps described in subsection (a).
- (c) If human remains have not been identified after thirty (30) days, the coroner or other person having custody of the remains shall request the state police to do the following:
- (1) Enter information that may assist in the identification of the remains into:
 - (A) the National Crime Information Center (NCIC) data base; and
 - (B) any other appropriate data base.
 - (2) Upload relevant DNA profiles from the remains to the missing persons data base of the State DNA Index System (SDIS) and the National DNA Index System (NDIS) after completion of the DNA analysis and other procedures required for data base entry.
 - ~~(3) Ensure that a person who enters data relating to medical or dental records in a data base has the appropriate training to understand and correctly enter the information.~~
- (d) If unidentified human remains are identified as belonging to a missing person, the coroner shall:
- (1) notify the law enforcement agency handling the missing persons case that the missing person is deceased; and
 - (2) instruct the law enforcement agency to make documented efforts to contact family members of the missing person.
- (e) No person may order the cremation of unidentified human remains.

SECTION 16. IC 36-2-14-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 17. (a) A person who knowingly or intentionally fails to immediately notify the coroner or a law enforcement agency of the discovery of the body of a person who: ~~has died:~~

- (1) ~~has died~~ from violence; ~~or~~
 - (2) ~~has died~~ in an apparently suspicious, unusual, or unnatural manner; ~~or~~
 - (3) ~~has died at less than three (3) years of age;~~
- commits a Class B infraction. **However, the failure to immediately notify under this subsection is a Class A misdemeanor if the person fails to immediately notify with the intent to hinder a criminal investigation.**

- (b) A person who, **with the intent to hinder a criminal investigation and** without the permission of the coroner or a law enforcement officer, knowingly or intentionally ~~moves or transports from alters~~ the scene of death ~~the body~~ of a person who has died:
- (1) from violence; or
 - (2) in an apparently suspicious, unusual, or unnatural manner;
- commits a Class D felony.

SECTION 17. IC 36-2-14-18, AS AMENDED BY P.L.141-2006, SECTION 113, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 18. (a) Notwithstanding IC 5-14-3-4(b)(1), when a coroner investigates a death, the office of the coroner is required to make available for public inspection and copying the following:

- (1) The name, age, address, sex, and race of the deceased.
 - (2) The address where the dead body was found, or if there is no address the location where the dead body was found and, if different, the address where the death occurred, or if there is no address the location where the death occurred.
 - (3) The name of the agency to which the death was reported and the name of the person reporting the death.
 - (4) The name of any public official or governmental employee present at the scene of the death and the name of the person certifying or pronouncing the death.
 - (5) Information regarding an autopsy (requested or performed) limited to the date, the person who performed the autopsy, where the autopsy was performed, and a conclusion as to:
 - (A) the probable cause of death;
 - (B) the probable manner of death; and
 - (C) the probable mechanism of death.
 - (6) The location to which the body was removed, the person determining the location to which the body was removed, and the authority under which the decision to remove the body was made.
 - (7) The records required to be filed by a coroner under section 6 of this chapter and the verdict and the written report required under section 10 of this chapter.
- (b) A county coroner or a coroner's deputy who receives an investigatory record from a law enforcement agency shall treat the investigatory record with the same confidentiality as the law enforcement agency would treat the investigatory record.
- (c) Notwithstanding any other provision of this section, a coroner shall make available a full copy of an autopsy report, other than a photograph, a video recording, or an audio recording of the autopsy, upon the written request of the next of kin of the decedent or of an insurance company investigating a claim arising from the death of the individual upon whom the autopsy was performed. The insurance company is prohibited from publicly disclosing any information contained in the report beyond that information that may otherwise be disclosed by a coroner under this section. This prohibition does not apply to information disclosed in communications in conjunction with the investigation, settlement, or payment of the claim.
- (d) Notwithstanding any other provision of this section, a coroner shall make available a full copy of an autopsy report, other than a photograph, a video recording, or an audio recording of the autopsy, upon the written request of:
- (1) the director of the division of disability and rehabilitative services established by IC 12-9-1-1;
 - (2) the director of the division of mental health and addiction established by IC 12-21-1-1; or
 - (3) the director of the division of aging established by IC 12-9.1-1-1;
- in connection with a division's review of the circumstances

surrounding the death of an individual who received services from a division or through a division at the time of the individual's death.

(e) **Notwithstanding any other provision of this section, a coroner shall make available a full copy of an autopsy report, including a photograph, a video recording, or an audio recording of the autopsy, to:**

(1) **the department of child services established by IC 31-25-1-1, including an office of the department located in the county where the death occurred;**
 (2) **the statewide child fatality review committee established by IC 31-33-25-6; or**
 (3) **a county child fatality review team or regional child fatality review team established under IC 31-33-24-6 by the county or for the county where the death occurred;**
for purposes of an entity described in subdivisions (1) through (3) conducting a review or an investigation of the circumstances surrounding the death of a child (as defined in IC 31-9-2-13(d)(1)) and making a determination as to whether the death of the child was a result of abuse, abandonment, or neglect.

(f) **An autopsy report made available under subsection (e) is confidential and shall not be disclosed to another individual or agency, unless otherwise authorized or required by law.**

SECTION 18. IC 36-2-14-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 20. (a) **As used in this section, "autopsy" means the external and surgical internal examination of all body systems of a decedent, including toxicology and histology.**

(b) Except as provided in subsection (b) and IC 4-24-4-1, if an Indiana resident:

- (1) dies in an Indiana county as a result of an incident that occurred in another Indiana county; and
- (2) is the subject of an autopsy performed under the authority and duties of the county coroner of the county where the death occurred;

the county coroner shall bill the county in which the incident occurred for the cost of the autopsy, including the physician fee under section 6(d) of this chapter.

~~(b)~~ (c) Except as provided in subsection ~~(a)~~ (b) and IC 4-24-4-1, payment for the costs of an autopsy requested by a party other than the:

- (1) county prosecutor; or
- (2) county coroner;

of the county in which the individual died must be made by the party requesting the autopsy.

~~(c)~~ (d) This section does not preclude the coroner of a county in which a death occurs from attempting to recover autopsy costs from the jurisdiction outside Indiana where the incident that caused the death occurred.

SECTION 19. IC 36-2-14-22 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 22. (a) **Upon the request of a coroner who is conducting or will conduct a death investigation on an individual who is admitted or was admitted to a hospital, the hospital shall provide a sample of the individual's blood or tissue to the coroner.**

(b) **A coroner does not need to obtain a warrant to request a blood or tissue sample under this section.**

SECTION 20. IC 36-2-14-22.2 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 22.2. **A coroner shall follow the procedures set forth in IC 29-2-16.1 concerning organ and tissue procurement.**

SECTION 21. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2007]: IC 36-2-14-12; IC 36-2-14-14.

(Reference is to EHB 1503 as reprinted April 11, 2007.)

Orentlicher, Chair	Lawson
Summers	Simpson
House Conferees	Senate Conferees

Roll Call 537: yeas 44, nays 3. Report adopted.

CONFERENCE COMMITTEE REPORT

EHB 1717-1

Madam President: Your Conference Committee appointed to confer with a like committee from the House upon Engrossed Senate Amendments to Engrossed House Bill 1717 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 4-6-12-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) Beginning July 1, 2005, the unit shall do the following:

- (1) Investigate deceptive acts in connection with mortgage lending.
- (2) Investigate violations of IC 24-9.
- (3) Institute appropriate administrative and civil actions to redress:

(A) deceptive acts in connection with mortgage lending; and

(B) violations of IC 24-5-0.5 and IC 24-9.

(4) Cooperate with federal, state, and local law enforcement agencies in the investigation of **the following**:

- (A) Deceptive acts in connection with mortgage lending.
- (B) Criminal violations involving deceptive acts in connection with mortgage lending. ~~and~~
- (C) Violations of IC 24-5-0.5 and IC 24-9.

(D) Violations of:

(i) the federal Truth in Lending Act (15 U.S.C. 1601 et seq.);

(ii) the Real Estate Settlement Procedures Act (12 U.S.C. 2601 et seq.); and

(iii) any other federal laws or regulations concerning mortgage lending.

To the extent authorized by federal law, the unit may enforce compliance with the federal statutes or regulations described in this clause or refer suspected violations of the statutes or regulations to the appropriate federal regulatory agencies.

(b) The attorney general shall adopt rules under IC 4-22-2 to the extent necessary to organize the unit.

SECTION 2. IC 4-6-12-10 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 10. (a) Beginning in 2008, the unit shall, after June 30 and before November 1 of each year, report to the legislative council on the following:**

- (1) The unit's budget for the most recent state fiscal year.**
- (2) The unit's actual income and expenses during the most recent state fiscal year.**
- (3) The projected budget required by the unit to carry out its duties under this chapter during the current state fiscal year.**
- (4) The unit's staffing during the most recent fiscal year, including information on:**
 - (A) the number of employees employed by the unit and a description of their responsibilities; and**
 - (B) any vacant positions.**
- (5) The unit's projected staffing needs during the current state fiscal year.**
- (6) The number and types of complaints received by the unit, including a description of:**
 - (A) the number of complaints resolved; and**
 - (B) the number of complaints outstanding.**
- (7) Any recommendations for legislation needed to address mortgage lending or deceptive acts in connection with mortgage lending.**

(b) A report to the legislative council under this section must be in an electronic format under IC 5-14-6.

SECTION 3. IC 4-33-2-11.6, AS ADDED BY P.L.170-2005, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 11.6. "Law enforcement agency" means any of the following:

- (1) The gaming agents of the Indiana gaming commission.
- (2) The state police department.
- (3) The conservation officers of the department of natural resources.
- (4) The state excise police of the alcohol and tobacco commission.
- (5) The enforcement department of the securities division of the office of the secretary of state.**

SECTION 4. IC 5-2-1-9, AS AMENDED BY SEA 526-2007, SECTION 72, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) The board shall adopt in accordance with IC 4-22-2 all necessary rules to carry out the provisions of this chapter. The rules, which shall be adopted only after necessary and proper investigation and inquiry by the board, shall include the establishment of the following:

- (1) Minimum standards of physical, educational, mental, and moral fitness which shall govern the acceptance of any person for training by any law enforcement training school or academy meeting or exceeding the minimum standards established pursuant to this chapter.
- (2) Minimum standards for law enforcement training schools administered by towns, cities, counties, law enforcement training centers, agencies, or departments of the state.
- (3) Minimum standards for courses of study, attendance requirements, equipment, and facilities for approved town, city, county, and state law enforcement officer, police reserve officer, and conservation reserve officer training schools.

(4) Minimum standards for a course of study on cultural diversity awareness that must be required for each person accepted for training at a law enforcement training school or academy.

(5) Minimum qualifications for instructors at approved law enforcement training schools.

(6) Minimum basic training requirements which law enforcement officers appointed to probationary terms shall complete before being eligible for continued or permanent employment.

(7) Minimum basic training requirements which law enforcement officers appointed on other than a permanent basis shall complete in order to be eligible for continued employment or permanent appointment.

(8) Minimum basic training requirements which law enforcement officers appointed on a permanent basis shall complete in order to be eligible for continued employment.

(9) Minimum basic training requirements for each person accepted for training at a law enforcement training school or academy that include six (6) hours of training in interacting with persons with mental illness, addictive disorders, mental retardation, and developmental disabilities, to be provided by persons approved by the secretary of family and social services and the board.

(10) Minimum standards for a course of study on human and sexual trafficking that must be required for each person accepted for training at a law enforcement training school or academy and for inservice training programs for law enforcement officers. The course must cover the following topics:

- (A) Examination of the human and sexual trafficking laws (IC 35-42-3.5).
- (B) Identification of human and sexual trafficking.
- (C) Communicating with traumatized persons.
- (D) Therapeutically appropriate investigative techniques.
- (E) Collaboration with federal law enforcement officials.
- (F) Rights of and protections afforded to victims.
- (G) Providing documentation that satisfies the Declaration of Law Enforcement Officer for Victim of Trafficking in Persons (Form I-914, Supplement B) requirements established under federal law.
- (H) The availability of community resources to assist human and sexual trafficking victims.

(b) Except as provided in subsection (l), a law enforcement officer appointed after July 5, 1972, and before July 1, 1993, may not enforce the laws or ordinances of the state or any political subdivision unless the officer has, within one (1) year from the date of appointment, successfully completed the minimum basic training requirements established under this chapter by the board. If a person fails to successfully complete the basic training requirements within one (1) year from the date of employment, the officer may not perform any of the duties of a law enforcement officer involving control or direction of members of the public or exercising the power of arrest until the officer has successfully completed the training requirements. This subsection does not apply to any law enforcement officer appointed before July 6, 1972, or after June 30, 1993.

(c) Military leave or other authorized leave of absence from law enforcement duty during the first year of employment after July 6, 1972, shall toll the running of the first year, which shall be calculated by the aggregate of the time before and after the leave, for the purposes of this chapter.

(d) Except as provided in subsections (e), (l), ~~and (q)~~, **and (r)**, a law enforcement officer appointed to a law enforcement department or agency after June 30, 1993, may not:

- (1) make an arrest;
- (2) conduct a search or a seizure of a person or property; or
- (3) carry a firearm;

unless the law enforcement officer successfully completes, at a board certified law enforcement academy or at a law enforcement training center under section 10.5 or 15.2 of this chapter, the basic training requirements established by the board under this chapter.

(e) This subsection does not apply to:

(1) a gaming agent employed as a law enforcement officer by the Indiana gaming commission; **or**

(2) an:

(A) attorney; or

(B) investigator;

designated by the securities commissioner as a police officer of the state under IC 23-2-1-15(i).

Before a law enforcement officer appointed after June 30, 1993, completes the basic training requirements, the law enforcement officer may exercise the police powers described in subsection (d) if the officer successfully completes the pre-basic course established in subsection (f). Successful completion of the pre-basic course authorizes a law enforcement officer to exercise the police powers described in subsection (d) for one (1) year after the date the law enforcement officer is appointed.

(f) The board shall adopt rules under IC 4-22-2 to establish a pre-basic course for the purpose of training:

- (1) law enforcement officers;
- (2) police reserve officers (as described in IC 36-8-3-20); and
- (3) conservation reserve officers (as described in IC 14-9-8-27);

regarding the subjects of arrest, search and seizure, the lawful use of force, and the operation of an emergency vehicle. The pre-basic course must be offered on a periodic basis throughout the year at regional sites statewide. The pre-basic course must consist of at least forty (40) hours of course work. The board may prepare the classroom part of the pre-basic course using available technology in conjunction with live instruction. The board shall provide the course material, the instructors, and the facilities at the regional sites throughout the state that are used for the pre-basic course. In addition, the board may certify pre-basic courses that may be conducted by other public or private training entities, including postsecondary educational institutions.

(g) The board shall adopt rules under IC 4-22-2 to establish a mandatory inservice training program for police officers. After June 30, 1993, a law enforcement officer who has satisfactorily completed basic training and has been appointed to a law enforcement department or agency on either a full-time or part-time basis is not eligible for continued employment unless the officer satisfactorily completes the mandatory inservice training requirements established by rules adopted by the board. Inservice training must include training in interacting with persons with

mental illness, addictive disorders, mental retardation, and developmental disabilities, to be provided by persons approved by the secretary of family and social services and the board, and training concerning human and sexual trafficking. The board may approve courses offered by other public or private training entities, including postsecondary educational institutions, as necessary in order to ensure the availability of an adequate number of inservice training programs. The board may waive an officer's inservice training requirements if the board determines that the officer's reason for lacking the required amount of inservice training hours is due to either of the following:

- (1) An emergency situation.
- (2) The unavailability of courses.

(h) The board shall also adopt rules establishing a town marshal basic training program, subject to the following:

- (1) The program must require fewer hours of instruction and class attendance and fewer courses of study than are required for the mandated basic training program.
- (2) Certain parts of the course materials may be studied by a candidate at the candidate's home in order to fulfill requirements of the program.
- (3) Law enforcement officers successfully completing the requirements of the program are eligible for appointment only in towns employing the town marshal system (IC 36-5-7) and having not more than one (1) marshal and two (2) deputies.
- (4) The limitation imposed by subdivision (3) does not apply to an officer who has successfully completed the mandated basic training program.
- (5) The time limitations imposed by subsections (b) and (c) for completing the training are also applicable to the town marshal basic training program.

(i) The board shall adopt rules under IC 4-22-2 to establish an executive training program. The executive training program must include training in the following areas:

- (1) Liability.
- (2) Media relations.
- (3) Accounting and administration.
- (4) Discipline.
- (5) Department policy making.
- (6) Lawful use of force.
- (7) Department programs.
- (8) Emergency vehicle operation.
- (9) Cultural diversity.

(j) A police chief shall apply for admission to the executive training program within two (2) months of the date the police chief initially takes office. A police chief must successfully complete the executive training program within six (6) months of the date the police chief initially takes office. However, if space in the executive training program is not available at a time that will allow completion of the executive training program within six (6) months of the date the police chief initially takes office, the police chief must successfully complete the next available executive training program that is offered after the police chief initially takes office.

(k) A police chief who fails to comply with subsection (j) may not continue to serve as the police chief until completion of the executive training program. For the purposes of this subsection and subsection (j), "police chief" refers to:

- (1) the police chief of any city;
- (2) the police chief of any town having a metropolitan police department; and
- (3) the chief of a consolidated law enforcement department established under IC 36-3-1-5.1.

A town marshal is not considered to be a police chief for these purposes, but a town marshal may enroll in the executive training program.

(l) A fire investigator in the division of fire and building safety appointed after December 31, 1993, is required to comply with the basic training standards established under this chapter.

(m) The board shall adopt rules under IC 4-22-2 to establish a program to certify handgun safety courses, including courses offered in the private sector, that meet standards approved by the board for training probation officers in handgun safety as required by IC 11-13-1-3.5(3).

(n) The board shall adopt rules under IC 4-22-2 to establish a refresher course for an officer who:

- (1) is hired by an Indiana law enforcement department or agency as a law enforcement officer;
- (2) worked as a full-time law enforcement officer for at least one (1) year before the officer is hired under subdivision (1);
- (3) has not been employed as a law enforcement officer for at least two (2) years and less than six (6) years before the officer is hired under subdivision (1) due to the officer's resignation or retirement; and
- (4) completed a basic training course certified by the board before the officer is hired under subdivision (1).

(o) An officer to whom subsection (n) applies must successfully complete the refresher course described in subsection (n) not later than six (6) months after the officer's date of hire, or the officer loses the officer's powers of:

- (1) arrest;
- (2) search; and
- (3) seizure.

(p) A law enforcement officer who:

- (1) has completed a basic training course certified by the board; and
- (2) has not been employed as a law enforcement officer in the six (6) years before the officer is hired as a law enforcement officer;

is not eligible to attend the refresher course described in subsection (n) and must repeat the full basic training course to regain law enforcement powers.

(q) This subsection applies only to a gaming agent employed as a law enforcement officer by the Indiana gaming commission. A gaming agent appointed after June 30, 2005, may exercise the police powers described in subsection (d) if:

- (1) the agent successfully completes the pre-basic course established in subsection (f); and
- (2) the agent successfully completes any other training courses established by the Indiana gaming commission in conjunction with the board.

(r) This subsection applies only to a securities enforcement officer designated as a law enforcement officer by the securities commissioner. A securities enforcement officer may exercise the police powers described in subsection (d) if:

- (1) the securities enforcement officer successfully**

completes the pre-basic course established in subsection (f); and

(2) the securities enforcement officer successfully completes any other training courses established by the securities commissioner in conjunction with the board.

SECTION 5. IC 23-2-2.5-34 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 34. **(a) If in the opinion of it appears to the commissioner that:**

(1) the offer of any franchise is subject to registration under this chapter and it is being, or it has been, offered for sale without such offer first being registered; or

(2) a person has engaged in or is about to engage in an act, a practice, or a course of business constituting a violation of this chapter or a rule or an order under this chapter;

~~the commissioner may order the franchisor or offeror of such franchise to cease and desist from the further offer or sale of such franchise unless and until such offer has been registered under this chapter. If, after such an order has been made, a request for a hearing is filed in writing by the person to whom such order was directed, a hearing shall be held to commence within fifteen (15) days after the request is made, unless the person affected consents to a later date; investigate and may issue, with or without a prior hearing, orders and notices as the commissioner determines to be in the public interest, including cease and desist orders, orders to show cause, and notices. After notice and an opportunity for hearing, the commissioner may enter an order of rescission, restitution, or disgorgement, including interest at the rate of eight percent (8%) per year, directed to a person who has violated this chapter or a rule or order under this chapter. In addition to all other remedies, the commissioner may bring an action in the name of and on behalf of the state against any person participating in or about to participate in a violation of this chapter, to enjoin the person from continuing or doing an act furthering a violation of this chapter and may obtain the appointment of a receiver or conservator. Upon a proper showing by the commissioner, the court shall enter an order of the commissioner directing rescission, restitution, or disgorgement against a person who has violated this chapter or a rule or order under this chapter.~~

(b) Upon the issuance of an order or a notice by the commissioner under subsection (a), the commissioner shall promptly notify the respondent of the following:

- (1) That the order or notice has been issued.**
- (2) The reasons the order or notice has been issued.**
- (3) That upon the receipt of a written request the matter will be set for a hearing to commence not later than forty-five (45) business days after the commissioner receives the request, unless the respondent consents to a later date.**

If the respondent does not request a hearing and the commissioner does not order a hearing, the order or notice will remain in effect until it is modified or vacated by the commissioner. If a hearing is requested or ordered, the commissioner, after giving notice of the hearing, may modify or vacate the order or extend it until final determination.

(c) In a final order, the commissioner may charge the costs of an investigation or a proceeding conducted in connection with a violation of:

- (1) this chapter; or
- (2) a rule or an order adopted or issued under this chapter;

to be paid as directed by the commissioner in the order.

(d) In a proceeding in a circuit or superior court under this section, the commissioner is entitled to recover all costs and expenses of investigation to which the commissioner would be entitled in an administrative proceeding, and the court shall include the costs in its final judgment.

(e) If the commissioner determines, after notice and opportunity for a hearing, that a person has violated this chapter, the commissioner may, in addition to or instead of all other remedies, impose a civil penalty upon the person in an amount not to exceed ten thousand dollars (\$10,000) for each violation. An appeal from the decision of the commissioner imposing a civil penalty under this subsection may be taken by an aggrieved party under section 44 of this chapter.

(f) The commissioner may bring an action in the circuit or superior court of Marion County to enforce payment of any penalty imposed under subsection (e).

(g) Penalties collected under this section shall be deposited in the securities division enforcement account established under IC 23-2-1-15(c).

SECTION 6. IC 23-2-5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) As used in this chapter, "certificate of registration" means a certificate issued by the commissioner authorizing an individual to engage in origination activities on behalf of a licensee.

(b) As used in this chapter, "creditor" means a person:

- (1) that loans funds of the person in connection with a loan; and
- (2) to whom the loan is initially payable on the face of the note or contract evidencing the loan.

(c) As used in this chapter, "license" means a license issued by the commissioner authorizing a person to engage in the loan brokerage business.

(d) As used in this chapter, "licensee" means a person that is issued a license under this chapter.

(e) As used in this chapter, "loan broker" means any person who, in return for any consideration from any source procures, attempts to procure, or assists in procuring a loan from a third party or any other person, whether or not the person seeking the loan actually obtains the loan. "Loan broker" does not include:

- (1) any supervised financial organization (as defined in IC 24-4.5-1-301(20)), including a bank, savings bank, trust company, savings association, or credit union; or
- (2) any other financial institution that is:

- (A) regulated by any agency of the United States or any state; and
- (B) regularly actively engaged in the business of making consumer loans that are not secured by real estate or taking assignment of consumer sales contracts that are not secured by real estate;

~~(2)~~ (3) any insurance company; or

~~(3)~~ (4) any person arranging financing for the sale of the person's product.

(f) As used in this chapter, "loan brokerage business" means a person acting as a loan broker.

(g) As used in this chapter, "origination activities" means communication with or assistance of a borrower or prospective borrower in the selection of loan products or terms.

(h) As used in this chapter, "originator" means a person engaged in origination activities. The term "originator" does not include a person who performs origination activities for any entity that is not a loan broker under subsection (e).

(i) As used in this chapter, "person" means an individual, a partnership, a trust, a corporation, a limited liability company, a limited liability partnership, a sole proprietorship, a joint venture, a joint stock company, or another group or entity, however organized.

(j) As used in this chapter, "registrant" means an individual who is registered:

- (1) to engage in origination activities under this chapter; or
- (2) as a principal manager.

(k) As used in this chapter, "ultimate equitable owner" means a person who, directly or indirectly, owns or controls any ownership ten percent (10%) or more of the equity interest in a person; loan broker licensed or required to be licensed under this chapter, regardless of whether the person owns or controls the ownership equity interest through one (1) or more other persons or one (1) or more proxies, powers of attorney, or variances.

(l) As used in this chapter, "principal manager" means an individual who:

- (1) has at least three (3) years of experience:

(A) as a loan broker; or

(B) in financial services;

that is acceptable to the commissioner; and

(2) is principally responsible for the supervision and management of the employees and business affairs of a licensee.

SECTION 7. IC 23-2-5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) Any person desiring to engage or continue in the loan brokerage business shall apply to the commissioner for a license under this chapter.

(b) An individual desiring to be employed by a licensee to engage in origination activities shall be registered; by the licensee; with apply to the commissioner for registration under section 5(a)(6) and section 5(c) of this chapter.

(c) Any individual desiring to be employed by a licensee as a principal manager shall apply to the commissioner for registration under this chapter.

SECTION 8. IC 23-2-5-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) An application for license or renewal of a license must contain:

- (1) consent to service of process under subsection ~~(c)~~; (h);
- (2) evidence of the bond required in subsection ~~(b)~~; (e);
- (3) an application fee of two four hundred dollars (~~\$200~~); (\$400), plus two hundred dollars (\$200) for each ultimate equitable owner;
- (4) an affidavit affirming that none of the applicant's ultimate equitable owners, directors, managers, or officers have been convicted, in any jurisdiction, of an offense involving fraud or deception that is punishable by at least one (1) year of imprisonment, unless waived by the commissioner under subsection (f);

- (5) evidence that the applicant, if the applicant is an individual, has completed the education requirements under section 21 of this chapter;
- (6) a registration form setting forth the name, home address, home telephone number, and Social Security number of each employee or prospective employee of the applicant who is or who will be engaged in origination activities; and
- (7) evidence that the license applicant's proposed registrants have completed the education requirements of section 21 of this chapter.
- (6) the name and registration number for each originator to be employed by the licensee;
- (7) the name and registration number for each principal manager; and
- (8) for each ultimate equitable owner, the following information:
- (1) The name of the ultimate equitable owner.
 - (2) The address of the ultimate equitable owner, including the home address of the ultimate equitable owner if the ultimate equitable owner is an individual.
 - (3) The telephone number of the ultimate equitable owner, including the home telephone number if the ultimate equitable owner is an individual.
 - (4) The ultimate equitable owner's Social Security number and date of birth, if the ultimate equitable owner is an individual.
- (b) An application for registration as an originator shall be made on a registration form prescribed by the commissioner. The application must include the following information for the individual that seeks to be registered as an originator:
- (1) The name of the individual.
 - (2) The home address of the individual.
 - (3) The home telephone number of the individual.
 - (4) The individual's Social Security number and date of birth.
 - (5) The name of the:
 - (A) licensee; or
 - (B) applicant for licensure;
 for whom the individual seeks to be employed as an originator.
 - (6) Consent to service of process under subsection (h).
 - (7) Evidence that the individual has completed the education requirements described in section 21 of this chapter.
 - (8) An application fee of one hundred dollars (\$100).
 - (9) All registration numbers previously issued to the individual under this chapter, if applicable.
- (c) An application for registration as a principal manager shall be made on a registration form prescribed by the commissioner. The application must include the following information for the individual who seeks to be registered as a principal manager:
- (1) The name of the individual.
 - (2) The home address of the individual.
 - (3) The home telephone number of the individual.
 - (4) The individual's Social Security number and date of birth.
 - (5) The name of the:

- (A) licensee; or
 - (B) applicant for licensure;
- for whom the individual seeks to be employed as a principal manager.
- (6) Consent to service of process under subsection (h).
- (7) Evidence that the individual has completed the education requirements described in section 21 of this chapter.
- (8) Evidence that the individual has at least three (3) years of experience in the:
- (A) loan brokerage; or
 - (B) financial services;
- business.
- (9) An application fee of two hundred dollars (\$200).
- (10) All registration numbers previously issued to the individual, if applicable.
- (d) The commissioner shall require an applicant for registration as:
- (1) an originator under subsection (b); or
 - (2) a principal manager under subsection (c);
- to pass a written examination prepared and administered by the commissioner or an agent appointed by the commissioner.
- (b) (e) A licensee must maintain a bond satisfactory to the commissioner in the amount of fifty thousand dollars (\$50,000), which shall be in favor of the state and shall secure payment of damages to any person aggrieved by any violation of this chapter by the licensee.
- (c) (f) The commissioner shall issue a license **and license number** to an applicant that meets the licensure requirements of this chapter. Whenever the registration provisions of this chapter have been complied with, the commissioner shall issue a certificate of registration **and registration number** authorizing the registrant to:
- (1) engage in origination activities; or
 - (2) act as a principal manager;
- whichever applies.
- (d) Licenses issued by the commissioner before January 1, 2001, shall be valid; and renewal of such licenses shall not be required until January 1, 2001. Individuals engaging in origination activities for a licensee before January 1, 2001, shall not be required to apply for and receive a certificate of registration until January 1, 2001. Except as otherwise provided in this subsection, licenses (g) Licenses and initial certificates of registration issued by the commissioner are valid until January 1 of the second year after issuance. The education requirements of section 21 of this chapter shall first apply to applicants for issuance or renewal of licenses or registrations effective as of January 1, 2001.
- (e) (h) Every applicant for licensure **or registration** or for renewal of a license **or a registration** shall file with the commissioner, in such form as the commissioner by rule or order prescribes, an irrevocable consent appointing the secretary of state to be the applicant's agent to receive service of any lawful process in any noncriminal suit, action, or proceeding against the applicant arising from the violation of any provision of this chapter. Service shall be made in accordance with the Indiana Rules of Trial Procedure.
- (f) (i) Upon good cause shown, the commissioner may waive the requirements of subsection (a)(4) for one (1) or more of an applicant's ultimate equitable owners, directors, managers, or

officers.

~~(g)~~ (j) Whenever an initial or a renewal application for a license or registration is denied or withdrawn, the commissioner shall retain the initial or renewal application fee paid.

(k) The commissioner shall require each:

- (1) equitable owner; and
- (2) applicant for registration as:
 - (A) an originator; or
 - (B) a principal manager;

to undergo a criminal background check at the expense of the equitable owner or applicant.

(l) The commissioner may check the qualifications, background, licensing status, and service history of each:

- (1) equitable owner; and
- (2) applicant for registration as:
 - (A) an originator; or
 - (B) a principal manager;

by accessing, upon availability, a multistate automated licensing system for mortgage brokers and originators, including the National Mortgage Licensing Database proposed by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators. The equitable owner or the applicant shall pay any fees or costs associated with a check conducted under this subsection.

SECTION 9. IC 23-2-5-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) To be enforceable, every contract for the services of a loan broker shall be in writing and signed by the contracting parties.

(b) At the time a contract for the services of a loan broker is signed, the loan broker shall provide a copy of the signed contract to each of the other parties to the contract.

(c) Every contract for the services of a loan broker must include the following statement:

"No statement or representation by a loan broker is valid or enforceable unless the statement or representation is in writing."

~~(c)~~ (d) This section does not apply to a contract that provides for the payment of referral fees by a lender or a third party.

SECTION 10. IC 23-2-5-9.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9.1. (a) As used in this section, "appraisal company" means a person that employs or retains the services of one (1) or more real estate appraisers.

(b) As used in this section, "immediate family", with respect to an individual, refers to:

- (1) the individual's spouse who resides in the individual's household; and
- (2) any dependent child of the individual.

(c) As used in this section, "real estate appraiser" means a person who:

- (1) is licensed as a real estate broker under IC 25-34.1 and performs real estate appraisals within the scope of the person's license; or
- (2) holds a real estate appraiser license or certificate issued under IC 25-34.1-8.

(d) A person licensed or registered under this chapter, or a person required to be licensed or registered under this chapter, shall not knowingly bribe, coerce, or intimidate another person

to corrupt or improperly influence the independent judgment of a real estate appraiser with respect to the value of any real estate offered as security for a mortgage loan.

(e) Except as provided in subsection (f), after June 30, 2007:

- (1) a person licensed or registered under this chapter, or a person required to be licensed or registered under this chapter;
- (2) a member of the immediate family of:
 - (A) a person licensed or registered under this chapter; or
 - (B) a person required to be licensed or registered under this chapter; or
- (3) a person described in subdivision (1) or (2) in combination with one (1) or more other persons described in subdivision (1) or (2);

may not own or control a majority interest in an appraisal company.

(f) This subsection applies to a person or combination of persons described in subsection (e) who own or control a majority interest in an appraisal company on June 30, 2007. The prohibition set forth in subsection (e) does not apply to a person or combination of persons described in this subsection, subject to the following:

- (1) The interest in the appraisal company owned or controlled by the person or combination of persons described in subsection (e) shall not be increased after June 30, 2007.
- (2) The interest of a person licensed or registered under this chapter, or of a person required to be licensed or registered under this chapter, shall not be transferred to a member of the person's immediate family.
- (3) If the commissioner determines that any person or combination of persons described in subsection (e) has violated this chapter, the commissioner may order one (1) or more of the persons to divest their interest in the appraisal company. The commissioner may exercise the remedy provided by this subdivision in addition to, or as a substitute for, any other remedy available to the commissioner under this chapter.

SECTION 11. IC 23-2-5-10, AS AMENDED BY P.L.48-2006, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) Whenever it appears to the commissioner that a person has engaged in or is about to engage in an act or a practice constituting a violation of this chapter or a rule or an order under this chapter, the commissioner may investigate and may issue, with a prior hearing if there exists no substantial threat of immediate irreparable harm or without a prior hearing, if there exists a substantial threat of immediate irreparable harm, orders and notices as the commissioner determines to be in the public interest, including cease and desist orders, orders to show cause, and notices. After notice and hearing, the commissioner may enter an order of rescission, restitution, or disgorgement, including interest at the rate of eight percent (8%) per year, directed to a person who has violated this chapter or a rule or order under this chapter.

(b) Upon the issuance of an order or notice without a prior hearing by the commissioner under subsection (a), the commissioner shall promptly notify the respondent and, if the

subject of the order or notice is a registrant, the licensee for whom the registrant is employed:

- (1) that the order or notice has been issued;
- (2) of the reasons the order or notice has been issued; and
- (3) that upon the receipt of a written request the matter will be set down for a hearing to commence within fifteen (15) business days after receipt of the request unless the respondent consents to a later date.

If a hearing is not requested and not ordered by the commissioner, an order remains in effect until it is modified or vacated by the commissioner. If a hearing is requested or ordered, the commissioner, after notice of an opportunity for hearing, may modify or vacate the order or extend it until final determination.

(c) The commissioner may deny, suspend, or revoke the license of a licensee or the registration of a registrant if the licensee, ~~or~~ the registrant, **or an ultimate equitable owner of a licensee:**

- (1) fails to maintain the bond required under section 5 of this chapter;

(2) has, within the most recent ten (10) years:

(A) been the subject of an adjudication or a determination by:

- (i) a court with jurisdiction; or**
- (ii) an agency or administrator that regulates securities, commodities, banking, financial services, insurance, real estate, or the real estate appraisal industry;**

in Indiana or in any other jurisdiction; and

(B) been found, after notice and opportunity for hearing, to have violated the securities, commodities, banking, financial services, insurance, real estate, or real estate appraisal laws of Indiana or any other jurisdiction;

(3) has:

(A) been denied the right to do business in the securities, commodities, banking, financial services, insurance, real estate, or real estate appraisal industry; or

(B) had the person's authority to do business in the securities, commodities, banking, financial services, insurance, real estate, or real estate appraisal industry revoked or suspended;

by Indiana or by any other state, federal, or foreign governmental agency or self regulatory organization;

~~(2)~~ **(4) is insolvent;**

~~(3)~~ **(5) has violated any provision of this chapter;**

~~(4)~~ **(6) has knowingly filed with the commissioner any document or statement containing any that:**

(A) contains a false representation of a material fact; or omitting

(B) fails to state a material fact; or if

(C) contains a representation that becomes false after the filing but during the term of a license or certificate of registration as provided in subsection ~~(g)~~; or (i);

~~(5)~~ **(7) has:**

(A) been convicted, within ten (10) years before the date of the application, renewal, or review, of any crime involving fraud or deceit; or

(B) had a felony conviction (as defined in

IC 35-50-2-1(b)) within five (5) years before the date of the application, renewal, or review;

(8) if the person is a licensee or principal manager, has failed to reasonably supervise the person's originators or employees to ensure their compliance with this chapter;

(9) is on the most recent tax warrant list supplied to the commissioner by the department of state revenue; or

(10) has engaged in dishonest or unethical practices in the loan broker business, as determined by the commissioner.

(d) The commissioner may do either of the following:

(1) Censure:

(A) a licensee;

(B) an officer, a director, or an ultimate equitable owner of a licensee;

(C) a registrant; or

(D) any other person;

who violates or causes a violation of this chapter.

(2) Permanently bar any person described in subdivision

(1) from being:

(A) licensed or registered under this chapter; or

(B) employed by or affiliated with a person licensed or registered under this chapter;

if the person violates or causes a violation of this chapter.

~~(d)~~ **(e) The commissioner may not enter a final order:**

(1) denying, suspending, or revoking the license of a licensee or the registration of a registrant; or

(2) imposing other sanctions;

without prior notice to all interested parties, opportunity for a hearing, and written findings of fact and conclusions of law. However, the commissioner may by summary order deny, suspend, or revoke a license or certificate of registration pending final determination of any proceeding under this section **or before any proceeding is initiated under this section.** Upon the entry of a summary order, the commissioner shall promptly notify all interested parties that **it the summary order** has been entered, of the reasons for the summary order, and that upon receipt by the commissioner of a written request from a party, the matter will be set for hearing to commence within fifteen (15) business days after receipt of the request. If no hearing is requested and none is ordered by the commissioner, the order remains in effect until it is modified or vacated by the commissioner. If a hearing is requested or ordered, the commissioner, after notice of the hearing has been given to all interested persons and the hearing has been held, may modify or vacate the order or extend it until final determination.

~~(e)~~ **(f) IC 4-21.5 does not apply to a proceeding under this section.**

~~(f)~~ **(g) If ~~(t)~~ a licensee desires to have a previously unregistered employee begin engaging in origination activities; or ~~(2)~~ an individual who was previously registered under this chapter is employed by a registrant seeks to transfer the registrant's registration to another licensee who desires to have the registrant engage in origination activities or serve as a principal manager, whichever applies, the employer licensee registrant shall, within five (5) business days after the employee first before the registrant conducts origination activities or serves as a principal manager for the new employer, submit to the commissioner, on a form prescribed by the commissioner, notice of the registrant's employment. If the employee has not previously been registered; the**

licensee shall submit evidence that the employee has completed the education requirements of section 21 of this chapter: **a registration application, as required by section 5 of this chapter.**

(h) If the employment of a registrant is terminated, whether:

(1) voluntarily by the registrant; or

(2) by the licensee employing the registrant;

the licensee that employed the registrant shall, not later than five (5) days after the termination, notify the commissioner of the termination and the reasons for the termination.

(g) (i) If a material fact or statement included in an application under this chapter changes after the application has been submitted, the applicant shall provide written notice to the commissioner of the change. The commissioner may revoke or refuse to renew the license or registration of any person who:

(1) is required to submit a written notice under this subsection and fails to provide the required notice within two (2) business days after the person discovers or should have discovered the change; or

(2) would not qualify for licensure or registration under this chapter as a result of a the change in a material fact or statement.

SECTION 12. IC 23-2-5-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15. Any person who violates this chapter **or any rule or regulation adopted under this chapter**, in connection with a contract for the services of a loan broker, is liable to any person damaged by the violation, for the amount of the actual damages suffered, interest at the legal rate, and attorney's fees. If a person violates any provision of this chapter, **or any rule or regulation adopted under this chapter**, in connection with a contract for loan brokering services, the contract is void, and the prospective borrower is entitled to receive from the loan broker all sums paid to the loan broker.

SECTION 13. IC 23-2-5-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 16. **(a) Except as provided in subsection (b)**, a person who knowingly violates this chapter commits a Class D felony.

(b) A person commits a Class C felony if the person knowingly makes or causes to be made:

(1) in any document filed with or sent to the commissioner or the securities division; or

(2) in any proceeding, investigation, or examination under this chapter;

any statement that is, at the time and in the light of the circumstances under which it is made, false or misleading in any material respect.

SECTION 14. IC 23-2-5-18.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 18.5. **Whenever a person licensed or registered under this chapter, or a person required to be licensed or registered under this chapter, has possession of funds belonging to others, including money received by or on behalf of a prospective borrower, the person licensed or registered under this chapter, or required to be licensed or registered under this chapter, shall:**

(1) upon request of the prospective borrower, account for any funds handled for the prospective borrower;

(2) follow any reasonable and lawful instructions from the prospective borrower concerning the prospective

borrower's funds; and

(3) return any unspent funds of the prospective borrower to the prospective borrower in a timely manner.

SECTION 15. IC 23-2-5-19, AS AMENDED BY HEA 1555-2007, SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 19. (a) The following persons are exempt from the requirements of sections 4, 5, 6, 9, 17, 18, and 21 of this chapter:

(1) Any attorney while engaging in the practice of law.

(2) Any certified public accountant, public accountant, or accountant practitioner holding a certificate or registered under IC 25-2.1 while performing the practice of accountancy (as defined by IC 25-2.1-1-10).

(3) Any person licensed as a real estate broker or salesperson under IC 25-34.1 to the extent that the person is rendering loan related services in the ordinary course of a transaction in which a license as a real estate broker or salesperson is required.

(4) Any broker-dealer, agent, or investment advisor registered under IC 23-19.

(5) Any person that:

(A) procures;

(B) promises to procure; or

(C) assists in procuring;

a loan that is not subject to the Truth in Lending Act (15 U.S.C. 1601 through 1667e).

(6) Any community development corporation (as defined in IC 4-4-28-2) acting as a subrecipient of funds from the Indiana housing and community development authority established by IC 5-20-1-3.

(7) The Indiana housing and community development authority.

(8) Subject to subsection (e), and except as provided in subsection (f), any person authorized to:

(A) sell and service a loan for the Federal National Mortgage Association or the Federal Home Loan Mortgage Association;

(B) issue securities backed by the Government National Mortgage Association;

(C) make loans insured by the United States Department of Housing and Urban Development or the United States Department of Agriculture Rural Housing Service;

(D) act as a supervised lender or nonsupervised automatic lender of the United States Department of Veterans Affairs; or

(E) act as a correspondent of loans insured by the United States Department of Housing and Urban Development, **if the person closes at least twenty-five (25) such insured loans in Indiana during each calendar year.**

(9) Any person who is a creditor, or proposed to be a creditor, for any loan.

(b) As used in this chapter, "bona fide third party fee" includes fees for the following:

(1) Credit reports, investigations, and appraisals performed by a person who holds a license or certificate as a real estate appraiser under IC 25-34.1-8.

(2) If the loan is to be secured by real property, title examinations, an abstract of title, title insurance, a property

survey, and similar purposes.

(3) The services provided by a loan broker in procuring possible business for a lending institution if the fees are paid by the lending institution.

(c) As used in this section, "successful procurement of a loan" means that a binding commitment from a creditor to advance money has been received and accepted by the borrower.

(d) The burden of proof of any exemption or classification provided in this chapter is on the party claiming the exemption or classification.

(e) A person claiming an exemption under subsection (a)(8) shall, as a condition to receiving or maintaining the exemption, file a notice every twenty-four (24) months on a form acceptable to the commissioner. The notice required under this subsection must:

- (1) provide the name and business address of each originator employed by the person to originate loans in Indiana;**
- (2) include all other information required by the commissioner; and**
- (3) be accompanied by a fee of four hundred dollars (\$400).**

If any information included in a notice under this subsection changes after the notice has been submitted, the person shall provide written notice to the commissioner of the change. The commissioner's receipt of a notice under this subsection shall not be considered to be a determination or confirmation by the commissioner of the validity of the claimed exemption.

(f) An exemption described in subsection (a)(8) does not extend to:

- (1) a subsidiary of the exempt person; or**
- (2) an unaffiliated third party.**

An exemption that applies to a person under subsection (a)(8)(D) does not extend to a registered United States Department of Veterans Affairs agent.

SECTION 16. IC 23-2-5-20.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 20.5. (a) A person licensed or required to be licensed as a loan broker under this chapter shall not employ a person to engage in origination activities unless the person is registered as an originator or a principal manager under this chapter. The registration of an originator or a principal manager is not effective during any period in which the originator or principal manager is not employed by a loan broker licensed under this chapter.**

(b) A person licensed or required to be licensed as a loan broker under this chapter shall not operate any principal or branch office of a loan brokerage business without employing a registered principal manager at that location.

SECTION 17. IC 23-2-5-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 21. (a) Except as provided under section 5(d) of this chapter, A person applying for a an initial license or certificate of registration must provide to the commissioner evidence that during the twenty-four (24) month period immediately preceding the application that the person completed at least twenty-four (24) hours of academic instruction, acceptable to the commissioner, related to the loan brokerage business. A person renewing a license or certificate of registration**

must provide to the commissioner evidence that during the twenty-four (24) month period immediately preceding the application that the person completed at least twelve (12) hours of academic instruction, acceptable to the commissioner, related to the loan brokerage business. To maintain a license or registration under this chapter, a person must provide to the commissioner evidence that the person has completed at least six (6) hours of academic instruction that is:

- (1) acceptable to the commissioner; and**
 - (2) related to the loan brokerage business;**
- during each calendar year after the year in which the license or registration was initially issued.**

(b) In determining the acceptability of academic instruction the commissioner shall give consideration to approval of a licensee's internal academic instruction programs completed by employees.

(c) In determining the acceptability of an education course, the commissioner may require a fee, in an amount prescribed by the commissioner by rule or order, for the commissioner's review of the course.

SECTION 18. IC 23-2-5-23 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 23. Any document delivered or required to be delivered by a person licensed or required to be licensed to a borrower or prospective borrower must contain:**

- (1) the license number of the loan broker; and**
 - (2) the registration number of each:**
 - (A) originator; or**
 - (B) principal manager;**
- who had contact with the file.**

SECTION 19. IC 23-19-6-5, AS ADDED BY HEA 1555-2007, SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: **Sec. 5. (a) The commissioner may:**

- (1) issue forms and orders and, after notice and comment, may adopt and amend rules necessary or appropriate to carry out this article and may repeal rules, including rules and forms governing registration statements, applications, notice filings, reports, and other records;**
- (2) by rule, define terms, whether or not used in this article, but those definitions may not be inconsistent with this article; and**
- (3) by rule, classify securities, persons, and transactions and adopt different requirements for different classes.**

(b) Under this article, a rule or form may not be adopted or amended, or an order issued or amended, unless the commissioner finds that the rule, form, order, or amendment is necessary or appropriate in the public interest or for the protection of investors and is consistent with the purposes intended by this article.

(c) Subject to Section 15(h) of the Securities Exchange Act of 1938 (15 U.S.C. 78o(h)) and Section 222 of the Investment Advisers Act of 1940 (15 U.S.C. 80b-18a), the commissioner may require that a financial statement filed under this article be prepared in accordance with generally accepted accounting principles in the United States and comply with other requirements specified by rule adopted or order issued under this article. A rule adopted or order issued under this article may establish:

- (1) subject to Section 15(h) of the Securities Exchange Act of 1934 (15 U.S.C. 78o(h)) and Section 222 of the Investment**

Advisors Act of 1940 (15 U.S.C. 80b-18a), the form and content of financial statements required under this article;

(2) whether unconsolidated financial statements must be filed; and

(3) whether required financial statements must be audited by an independent certified public accountant.

(d) The commissioner may provide interpretative opinions or issue determinations that the commissioner will not institute a proceeding or an action under this article against a specified person for engaging in a specified act, practice, or course of business if the determination is consistent with this article. The commissioner shall charge a fee of one hundred dollars (\$100) for an interpretive opinion or determination.

(e) A penalty under this article may not be imposed for, and liability does not arise from, conduct that is engaged in or omitted in good faith and reasonably believed to be conforming to a rule, form, or order of the commissioner under this article.

(f) A hearing in an administrative proceeding under this article must be conducted in public unless the commissioner ~~for good cause consistent with this article determines that the hearing will not be so conducted.~~ **finds a statutory basis that would allow the hearing to be closed to the public.**

SECTION 20. IC 23-19-6-7, AS ADDED BY HEA 1555-2007, SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 7. (a) Except as otherwise provided in subsection (b), records obtained by the commissioner or filed under this article, including a record contained in or filed with a registration statement, application, notice filing, or report, are public records and are available for ~~public examination~~ **inspection and copying.**

(b) The following records are ~~not public records~~ **confidential** and are not available for public ~~examination~~ **inspection and copying** under subsection (a):

(1) A record obtained by the commissioner in connection with an audit or inspection under IC 23-19-4-11(d) or an investigation under section 2 of this chapter.

(2) A part of a record filed in connection with a registration statement under IC 23-19-3-1 and IC 23-19-3-3 through IC 23-19-3-5 or a record under IC 23-19-4-11(d) that contains trade secrets or confidential information if the person filing the registration statement or report has asserted a claim of confidentiality or privilege that is authorized by law and approved by the commissioner.

(3) A record that is not required to be provided to the commissioner or filed under this article and is provided to the commissioner only on the condition that the record will not be subject to public examination or disclosure.

(4) ~~A nonpublic record~~ **Confidential records** received from a person specified in section 8(a) of this chapter.

(5) Any Social Security number, residential address unless used as a business address, and residential telephone number unless used as a business telephone number, contained in a record that is filed.

(6) A record obtained by the commissioner through a designee of the commissioner that a rule or order under this article determines has been:

(A) expunged from the commissioner's records by the

designee; or

(B) determined to be ~~nonpublic or nondisclosable~~ **confidential** by that designee if the commissioner finds the determination to be ~~in the public interest and for the protection of investors.~~ **based on statutory authority.**

(c) If disclosure is for the purpose of a civil, administrative, or criminal investigation, action, or proceeding or to a person specified in section 8(a) of this chapter, the commissioner may disclose a record obtained in connection with an audit or inspection under IC 23-19-4-11(d) or a record obtained in connection with an investigation under section 2 of this chapter.

SECTION 21. IC 25-11-1-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) Upon the filing with the secretary of state, by any interested person, of a verified written complaint which charges any licensee hereunder with a specific violation of any of the provisions of this chapter, the secretary of state shall cause an investigation of the complaint to be made. If the investigation shows probable cause for the revocation or suspension of the license, the secretary of state shall send a written notice to such licensee, stating in such notice the alleged grounds for the revocation or suspension and fixing a time and place for the hearing thereof. The hearing shall be held not less than five (5) days nor more than twenty (20) days from the time of the mailing of ~~said~~ the notice, **unless the parties consent otherwise.** The secretary of state may subpoena witnesses, books, and records and may administer oaths. The licensee may appear and defend against such charges in person or by counsel. If upon such hearing the secretary of state finds the charges to be true, the secretary of state shall either revoke or suspend the license of the licensee. Suspension shall be for a time certain and in no event for a longer period than one (1) year. No license shall be issued to any person whose license has been revoked for a period of two (2) years from the date of revocation. Reapplication for a license, after revocation as provided, shall be made in the same manner as provided in this chapter for an original application for a license.

(b) **Whenever it appears to the secretary of state that a person has engaged in or is about to engage in an act or practice constituting a violation of this chapter or a rule or order under this chapter, the secretary of state may investigate and may issue, with or without a prior hearing, orders and notices as the secretary of state determines to be in the public interest, including cease and desist orders, orders to show cause, and notices. After notice and hearing, the secretary of state may enter an order of rescission, restitution, or disgorgement, including interest at the rate of eight percent (8%) per year, directed to a person who has violated this chapter or a rule or order under this chapter. In addition to all other remedies, the secretary of state may bring an action in the name of and on behalf of the state against the person and any other person participating in or about to participate in a violation of this chapter, to enjoin the person from continuing or doing an act furthering a violation of this chapter and may obtain the appointment of a receiver or conservator. Upon a proper showing by the secretary of state, the court shall enter an order of the secretary of state directing rescission, restitution, or disgorgement to a person who has violated this chapter or a rule or order under this chapter.**

(c) Upon the issuance of an order or a notice by the secretary of state under subsection (b), the secretary of state shall promptly notify the respondent of the following:

- (1) That the order or notice has been issued.
- (2) The reasons the order or notice has been issued.
- (3) That upon the receipt of a written request the matter will be set for a hearing to commence not less than five (5) days and not more than twenty (20) days after the secretary of state receives the request, unless the parties consent otherwise.

If the respondent does not request a hearing and the secretary of state does not order a hearing, the order or notice will remain in effect until it is modified or vacated by the secretary of state. If a hearing is requested or ordered, the secretary of state, after giving notice of the hearing, may modify or vacate the order or extend it until final determination.

(d) In a proceeding in a circuit or superior court under this section, the secretary of state is entitled to recover all costs and expenses of investigation to which the secretary of state would be entitled in an administrative proceeding under IC 23-2-1-16(d), and the court shall include the costs in its final judgment.

(e) For the purpose of any investigation or proceeding under this chapter, the secretary of state may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, memoranda, agreements, or other documents or records that the secretary of state considers material to the inquiry.

(f) Upon order of the secretary of state in any hearing, a deposition may be taken of any witness. A deposition under this chapter shall be:

- (1) conducted in the manner prescribed by law for depositions in civil actions; and
- (2) made returnable to the secretary of state.

(g) If any person fails to obey a subpoena, the circuit or superior court, upon application by the secretary of state, may issue to the person an order requiring the person to appear before the secretary of state to produce documentary evidence, if so ordered, or to give evidence concerning the matter under investigation.

(h) A person is not excused from:

- (1) attending any hearing or testifying before the secretary of state; or
- (2) producing any document or record;

in obedience to a subpoena of the secretary of state, or in any proceeding instituted by the secretary of state, on the grounds that the testimony or evidence, documentary or otherwise, required of the person may tend to incriminate the person or subject the person to a penalty or forfeiture. However, a person may not be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing about which the person is compelled, after validly claiming the person's privilege against self-incrimination, to testify or produce evidence, documentary or otherwise.

SECTION 22. IC 25-11-1-14 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. The secretary of state may

delegate any or all of the rights, duties, or obligations of the secretary of state under this chapter to:

- (1) the securities commissioner appointed under IC 23-2-1-15(a); or
- (2) any other designee under the supervision and control of the secretary of state.

SECTION 23. IC 25-11-1-15 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15. (a) If the secretary of state determines, after notice and opportunity for a hearing, that a person has violated this chapter, the secretary of state may, in addition to or instead of all other remedies, impose a civil penalty upon the person in an amount not to exceed ten thousand dollars (\$10,000) for each violation. An appeal from the decision of the secretary of state imposing a civil penalty under this subsection may be taken by an aggrieved party under section 16 of this chapter.

(b) The secretary of state may bring an action in the circuit or superior court of Marion County to enforce payment of any penalty imposed under subsection (a).

(c) Penalties collected under this section shall be deposited in the securities division enforcement account established under IC 23-2-1-15(c).

SECTION 24. IC 25-11-1-16 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 16. (a) An appeal may be taken from a final order of the secretary of state under this chapter as follows:

- (1) By an applicant for a license under this chapter, from a final order of the secretary of state concerning the application.
- (2) By a licensee, from a final order of the secretary of state affecting the licensee's license under this chapter.
- (3) By any person against whom a civil penalty is imposed under section 15 of this chapter, from the final order of the secretary of state imposing the civil penalty.
- (4) By any person who is named as a respondent in an investigation or a proceeding under section 9 of this chapter, from a final order of the secretary of state under section 9 of this chapter. An appeal under this subdivision may be taken in:

- (A) the circuit or superior court of Marion County; or
- (B) the circuit or superior court of the county in which the appellant resides or maintains a place of business.

(b) A person who seeks to appeal an order of the secretary of state under this section must serve the secretary of state with the following not later than twenty (20) days after the entry of the order:

- (1) A written notice of the appeal stating:
 - (A) the court in which the appeal will be taken; and
 - (B) the grounds on which a reversal of the secretary of state's final order is sought.
- (2) A written demand from the appellant for:
 - (A) a certified transcript of the record; and
 - (B) all papers on file in the secretary of state's office; concerning the order from which the appeal is being taken.
- (3) A bond in the penal sum of five hundred dollars (\$500)

payable to the state with sufficient surety to be approved by the secretary of state, conditioned upon:

(A) the faithful prosecution of the appeal to final judgment; and

(B) the payment of all costs that are adjudged against the appellant.

(c) Not later than ten (10) days after the secretary of state is served with the items described in subsection (b), the secretary of state shall make, certify, and deliver to the appellant the transcript described in subsection (b)(2)(A). Not later than five (5) days after the appellant receives the transcript under this subsection, the appellant shall file the transcript and a copy of the notice of appeal with the clerk of the court. The notice of appeal serves as the appellant's complaint. The secretary of state may appear before the court, file any motion or pleading in the matter, and form the issue. The cause shall be entered on the court's calendar to be heard de novo and shall be given precedence over all matters pending in the court.

(d) The court shall receive and consider any pertinent oral or written evidence concerning the order of the secretary of state from which the appeal is taken. If the order of the secretary of state is reversed, the court shall in its mandate specifically direct the secretary of state as to the secretary of state's further action in the matter. The secretary of state is not barred from revoking or altering the order for any proper cause that accrues or is discovered after the order is entered. If the order is affirmed, the appellant may, after thirty (30) days from the date the order is affirmed, file a new application for a license under this chapter if the application is not otherwise barred or limited. During the pendency of the appeal, the order from which the appeal is taken is not suspended but remains in effect unless otherwise ordered by the court. An appeal may be taken from the judgment of the court on the same terms and conditions as an appeal is taken in civil actions.

(e) IC 4-21.5 does not apply to a proceeding under this chapter.

SECTION 25. IC 35-41-1-17, AS AMENDED BY P.L.1-2006, SECTION 530, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 17. (a) "Law enforcement officer" means:

(1) a police officer, sheriff, constable, marshal, prosecuting attorney, special prosecuting attorney, special deputy prosecuting attorney, the securities commissioner, or the inspector general;

(2) a deputy of any of those persons;

(3) an investigator for a prosecuting attorney or for the inspector general;

(4) a conservation officer; or

(5) an enforcement officer of the alcohol and tobacco commission; or

(6) an enforcement officer of the securities division of the office of the secretary of state.

(b) "Federal enforcement officer" means any of the following:

(1) A Federal Bureau of Investigation special agent.

(2) A United States Marshals Service marshal or deputy.

(3) A United States Secret Service special agent.

(4) A United States Fish and Wildlife Service special agent.

(5) A United States Drug Enforcement Agency agent.

(6) A Bureau of Alcohol, Tobacco, Firearms and Explosives agent.

(7) A United States Forest Service law enforcement officer.

(8) A United States Department of Defense police officer or criminal investigator.

(9) A United States Customs Service agent.

(10) A United States Postal Service investigator.

(11) A National Park Service law enforcement commissioned ranger.

(12) United States Department of Agriculture, Office of Inspector General special agent.

(13) A United States Immigration and Naturalization Service Citizenship and Immigration Services special agent.

(14) An individual who is:

(A) an employee of a federal agency; and

(B) authorized to make arrests and carry a firearm in the performance of the individual's official duties.

SECTION 26. [EFFECTIVE JULY 1, 2007]: Sec. 19. (a) This SECTION applies instead of IC 23-2-5-19. The following persons are exempt from the requirements of sections 4, 5, 6, 9, 17, 18, and 21 of this chapter:

(1) Any attorney while engaging in the practice of law.

(2) Any certified public accountant, public accountant, or accountant practitioner holding a certificate or registered under IC 25-2.1 while performing the practice of accountancy (as defined by IC 25-2.1-1-10).

(3) Any person licensed as a real estate broker or salesperson under IC 25-34.1 to the extent that the person is rendering loan related services in the ordinary course of a transaction in which a license as a real estate broker or salesperson is required.

(4) Any broker-dealer, agent, or investment advisor registered under IC 23-2-1.

(5) Any person that:

(A) procures;

(B) promises to procure; or

(C) assists in procuring;

a loan that is not subject to the Truth in Lending Act (15 U.S.C. 1601 through 1667e).

(6) Any community development corporation (as defined in IC 4-4-28-2) acting as a subrecipient of funds from the Indiana housing and community development authority established by IC 5-20-1-3.

(7) The Indiana housing and community development authority.

(8) Subject to subsection (e), and except as provided in subsection (f), any person authorized to:

(A) sell and service a loan for the Federal National Mortgage Association or the Federal Home Loan Mortgage Association;

(B) issue securities backed by the Government National Mortgage Association;

(C) make loans insured by the United States Department of Housing and Urban Development or the United States Department of Agriculture Rural Housing Service; or

(D) act as a supervised lender or nonsupervised automatic lender of the United States Department of

Veterans Affairs.

(E) act as a correspondent of loans insured by the United States Department of Housing and Urban Development, if the person closes at least twenty-five (25) such insured loans in Indiana during each calendar year.

(9) Any person who is a creditor, or proposed to be a creditor, for any loan.

(b) As used in this chapter, "bona fide third party fee" includes fees for the following:

(1) Credit reports, investigations, and appraisals performed by a person who holds a license or certificate as a real estate appraiser under IC 25-34.1-8.

(2) If the loan is to be secured by real property, title examinations, an abstract of title, title insurance, a property survey, and similar purposes.

(3) The services provided by a loan broker in procuring possible business for a lending institution if the fees are paid by the lending institution.

(c) As used in this section, "successful procurement of a loan" means that a binding commitment from a creditor to advance money has been received and accepted by the borrower.

(d) The burden of proof of any exemption or classification provided in this chapter is on the party claiming the exemption or classification.

(e) A person claiming an exemption under subsection (a)(8) shall, as a condition to receiving or maintaining the exemption, file a notice every twenty-four (24) months on a form acceptable to the commissioner. The notice required under this subsection must:

(1) provide the name and business address of each originator employed by the person to originate loans in Indiana;

(2) include all other information required by the commissioner; and

(3) be accompanied by a fee of two hundred dollars (\$200).

If any information included in a notice under this subsection changes after the notice has been submitted, the person shall provide written notice to the commissioner of the change. The commissioner's receipt of a notice under this subsection shall not be considered to be a determination or confirmation by the commissioner of the validity of the claimed exemption.

(f) An exemption described in subsection (a)(8) does not extend to:

(1) a subsidiary of the exempt person; or

(2) an unaffiliated third party.

An exemption that applies to a person under subsection (a)(8)(D) does not extend to a registered United States Department of Veterans Affairs agent.

(g) This SECTION expires June 30, 2008.

SECTION 27. [EFFECTIVE JULY 1, 2007] (a) The definitions in IC 23-2-5, as amended by this act, apply throughout this SECTION.

(b) IC 23-2-5, as amended by this act, applies to a person who applies for an initial:

(1) license as a loan broker;

(2) registration as an originator;

(3) registration as a principal manager; or

(4) exemption under IC 23-2-5-19, as amended by this act; after June 30, 2007.

(c) Except as otherwise provided in this SECTION, IC 23-2-5, as amended by this act, applies to a person who:

(1) is licensed as a loan broker under IC 23-2-5, before its amendment by this act; or

(2) is registered as an originator under IC 23-2-5, before its amendment by this act;

after December 31, 2007.

(d) A person who:

(1) is licensed as a loan broker under IC 23-2-5, before its amendment by this act; or

(2) qualifies for an exemption under IC 23-2-5-19(a)(8)(E), before its amendment by this act, but does not qualify for an exemption under IC 23-2-5-19(a)(8)(E), after its amendment by this act;

must comply with IC 23-2-5-20.5(b) not later than July 1, 2008.

(e) A person who:

(1) qualifies for an exemption under IC 23-2-5-19(a)(8)(E), before its amendment by this act; but

(2) does not qualify for an exemption under IC 23-2-5-19(a)(8)(E), after its amendment by this act;

must comply with IC 23-2-5-4, as amended by this act, not later than January 1, 2008.

(f) A person who:

(1) qualifies for an exemption under IC 23-2-5-19(a)(8)(A) through IC 23-2-5-19(a)(8)(D), before July 1, 2007; or

(2) qualifies for an exemption under IC 23-2-5-19(a)(8)(E), both before and after its amendment by this act;

must comply with IC 23-2-5-19(e) not later than January 1, 2008.

(g) This SECTION expires January 1, 2009.

SECTION 28. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "department" refers to the department of financial institutions established by IC 28-11-1-1.

(b) The department shall study the feasibility of assuming responsibility for regulating all:

(1) loan brokers;

(2) originators; and

(3) principal managers;

required to be licensed or registered under IC 23-2-5 on the date of enactment of this act.

(c) In conducting the study required under subsection (b), the department shall determine the following:

(1) The costs and benefits of implementing a complaint based regulatory system, including:

(A) the budget and staffing needs of the department;

(B) the time required to take all necessary actions to implement the system; and

(C) a comparison of the costs and benefits of implementing the system described in this subdivision with the costs and benefits of implementing a system described in subdivision (2).

(2) The costs and benefits of implementing an examination based regulatory system, including:

(A) the budget and staffing needs of the department;

(B) the time required to take all necessary actions to implement the system; and

(C) a comparison of the costs and benefits of implementing the system described in this subdivision with the costs and benefits of implementing a system described in subdivision (1).

(d) In addition to conducting the required analyses under subsection (b), the department may study any other issues related to the licensing and regulation of loan brokers, originators, and principal managers that the department considers relevant to the department's ability to undertake the responsibilities described in this SECTION.

(e) The department shall provide:

(1) status reports on the department's progress in conducting the study required by this SECTION; and

(2) any preliminary data gathered or determinations made in conducting the study required by this SECTION;

as may be requested by the interim study committee on mortgage lending practices and home loan foreclosures established under this act.

(f) The department shall report its findings and any recommendations to the legislative council not later than November 1, 2007. The department's report to the legislative council under this subsection must be in an electronic format under IC 5-14-6.

(g) This SECTION expires January 1, 2008.

SECTION 29. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "commissioner" refers to the securities commissioner appointed under IC 23-2-1-15(a).

(b) "Division" refers to the securities division of the office of the secretary of state.

(c) Not later than November 1, 2007, the commissioner shall report to the legislative council on the regulation and:

(1) licensing of loan brokers; and

(2) registration of originators and principal managers; under IC 25-2-5, as amended by this act.

(d) The report required under subsection (c) must include information on the following:

(1) The budget and staffing needs of the division to implement IC 23-2-5, as amended by this act.

(2) Any additional actions needed to implement IC 23-2-5, as amended by this act, and the time needed by the division to complete the actions.

(3) The number of initial licenses and registrations issued by the commissioner under IC 25-2-5, as amended by this act, after June 30, 2007.

(4) Any challenges encountered or anticipated by the commissioner in implementing IC 25-2-5, as amended by this act.

(5) Any additional information that may be requested by:

(A) the legislative council; or

(B) the interim study committee on mortgage lending practices and home loan foreclosures established under this act.

(6) Any recommendations of the commissioner on the implementation of IC 25-2-5, as amended by this act.

(e) The commissioner's report to the legislative council under this SECTION must be in an electronic format under IC 5-14-6.

(f) This SECTION expires January 1, 2008.

SECTION 30. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "committee" refers to the interim study committee on mortgage lending practices and home loan foreclosures established by this SECTION.

(b) There is established the interim study committee on mortgage lending practices and home loan foreclosures. The committee shall study the following:

(1) The appropriateness of requiring state licensure for all mortgage lenders, loan brokers, originators, settlement service providers, and real estate appraisers.

(2) The appropriate state agency or regulatory body to oversee the regulation of mortgage lenders, loan brokers, originators, settlement service providers, and real estate appraisers.

(3) Other states' approaches to regulating mortgage lenders, loan brokers, originators, settlement service providers, and real estate appraisers. In examining the regulatory approaches of other states under this subdivision, the committee shall attempt to identify those approaches that:

(A) incorporate an efficient or streamlined regulatory framework; or

(B) otherwise represent best practices for state regulation of mortgage lenders, loan brokers, originators, settlement service providers, and real estate appraisers.

(4) The causes of home loan foreclosures in Indiana, including a study of the causes of home loan foreclosures with respect to new home construction in Indiana.

(5) Whether legislative or regulatory solutions exist to:

(A) prevent or reduce the number of home loan foreclosures in Indiana; and

(B) prevent or reduce the occurrence of fraudulent practices in the home loan industry.

(6) Issues concerning the referral of borrowers or potential borrowers to appraisal companies by mortgage lenders, loan brokers, originators, or settlement service providers that have an:

(A) ownership or investment interest in or compensation arrangement with an appraisal company; or

(B) immediate family member that has an ownership or investment interest in or compensation arrangement with an appraisal company.

(7) Issues concerning the referral of settlement service providers by mortgage lenders, loan brokers, or originators that have:

(A) a business relationship or an ownership interest in a settlement service provider; or

(B) an immediate family member that has a business relationship or an ownership interest in a settlement service provider.

(8) The appropriateness of requiring a person licensed under IC 23-2-5 to notify the commissioner if the employment of a person registered under IC 23-2-5 is terminated.

(9) Other topics that the committee considers relevant in:

(A) examining mortgage lending practices and home loan foreclosures in Indiana; and

(B) devising solutions to the problems identified.

(c) The committee shall operate under the policies governing study committees adopted by the legislative council.

(d) The affirmative votes of a majority of the voting members appointed to the committee are required for the committee to take action on any measure, including final reports.

(e) The committee shall report its findings and any recommendations to the legislative council not later than November 1, 2007. The committee's report to the legislative council under this subsection must be in an electronic format under IC 5-14-6.

(f) This SECTION expires January 1, 2008.

SECTION 31. An emergency is declared for this act.

(Reference is to EHB 1717 as reprinted April 3, 2007.)

Bardon, Chair

Bray

Burton

Lanane

House Conferees

Senate Conferees

Roll Call 538: yeas 49, nays 0. Report adopted.

CONFERENCE COMMITTEE REPORT

ESB 45-1

Madam President: Your Conference Committee appointed to confer with a like committee from the House upon Engrossed House Amendments to Engrossed Senate Bill 45 respectfully reports that said two committees have conferred and agreed as follows to wit: that the Senate recede from its dissent from all House amendments and that the Senate now concur in all House amendments to the bill and that the bill be further amended as follows:

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 35-34-1-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) An indictment or information which charges the commission of an offense may not be dismissed but may be amended on motion by the prosecuting attorney at any time because of any immaterial defect, including:

- (1) any miswriting, misspelling, or grammatical error;
- (2) any misjoinder of parties defendant or offenses charged;
- (3) the presence of any unnecessary repugnant allegation;
- (4) the failure to negate any exception, excuse, or provision contained in the statute defining the offense;
- (5) the use of alternative or disjunctive allegations as to the acts, means, intents, or results charged;
- (6) any mistake in the name of the court or county in the title of the action, or the statutory provision alleged to have been violated;
- (7) the failure to state the time or place at which the offense was committed where the time or place is not of the essence of the offense;
- (8) the failure to state an amount of value or price of any matter where that value or price is not of the essence of the offense; or
- (9) any other defect which does not prejudice the substantial rights of the defendant.

(b) The indictment or information may be amended in matters of substance ~~or form~~, and the names of material witnesses may be added, by the prosecuting attorney, upon giving written notice to the defendant at any time:

(1) up to:

~~(1)~~ (A) thirty (30) days if the defendant is charged with a felony; or

~~(2)~~ (B) fifteen (15) days if the defendant is charged only with one (1) or more misdemeanors;

before the omnibus date; or

(2) before the commencement of trial;

if the amendment does not prejudice the substantial rights of the defendant. When the information or indictment is amended, it shall be signed by the prosecuting attorney **or a deputy prosecuting attorney.**

(c) Upon motion of the prosecuting attorney, the court may, at any time before, during, or after the trial, permit an amendment to the indictment or information in respect to any defect, imperfection, or omission in form which does not prejudice the substantial rights of the defendant.

(d) Before amendment of any indictment or information other than amendment as provided in subsection (b) of this section, the court shall give all parties adequate notice of the intended amendment and an opportunity to be heard. Upon permitting such amendment, the court shall, upon motion by the defendant, order any continuance of the proceedings which may be necessary to accord the defendant adequate opportunity to prepare his defense.

(e) An amendment of an indictment or information to include a habitual offender charge under IC 35-50-2-8, **IC 35-50-2-8.5, or IC 35-50-2-10** must be made not later than ten (10) days after the omnibus date. However, upon a showing of good cause, the court may permit the filing of a habitual offender charge at any time before the commencement of the trial.

SECTION 2. IC 35-38-1-1.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 1.3. After a court has pronounced a sentence for a felony conviction, the court shall issue a statement of the court's reasons for selecting the sentence that it imposes.**

SECTION 3. IC 35-42-2-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) As used in this section, "corrections officer" includes a person employed by:

(1) the department of correction;

(2) a law enforcement agency;

(3) a probation department;

~~(4)~~ (4) a county jail; or

~~(5)~~ (5) a circuit, superior, county, probate, city, or town court.

(b) As used in this section, "firefighter" means a person who is a:

(1) full-time, salaried firefighter;

(2) part-time, paid firefighter; or

(3) volunteer firefighter (as defined in IC 36-8-12-2).

(c) As used in this section, "first responder" means a person who:

(1) is certified under IC 16-31 and who meets the Indiana emergency medical services commission's standards for first responder certification; and

(2) responds to an incident requiring emergency medical

services.

(b) (d) As used in this section, "human immunodeficiency virus (HIV)" includes acquired immune deficiency syndrome (AIDS) and AIDS related complex.

(c) (e) A person who knowingly or intentionally in a rude, insolent, or angry manner places blood or another body fluid or waste on a law enforcement officer, **firefighter, first responder**, or a corrections officer identified as such and while engaged in the performance of official duties or coerces another person to place blood or another body fluid or waste on the law enforcement officer, **firefighter, first responder**, or corrections officer commits battery by body waste, a Class D felony. However, the offense is:

(1) a Class C felony if the person knew or recklessly failed to know that the blood, bodily fluid, or waste was infected with:

- (A) hepatitis B or hepatitis C;
- (B) HIV; or
- (C) tuberculosis;

(2) a Class B felony if:

- (A) the person knew or recklessly failed to know that the blood, bodily fluid, or waste was infected with hepatitis B or hepatitis C and the offense results in the transmission of hepatitis B or hepatitis C to the other person; or
- (B) the person knew or recklessly failed to know that the blood, bodily fluid, or waste was infected with tuberculosis and the offense results in the transmission of tuberculosis to the other person; and

(3) a Class A felony if:

- (A) the person knew or recklessly failed to know that the blood, bodily fluid, or waste was infected with HIV; and
- (B) the offense results in the transmission of HIV to the other person.

(d) (f) A person who knowingly or intentionally in a rude, insolent, or an angry manner places human blood, semen, urine, or fecal waste on another person commits battery by body waste, a Class A misdemeanor. However, the offense is:

(1) a Class D felony if the person knew or recklessly failed to know that the blood, semen, urine, or fecal waste was infected with:

- (A) hepatitis B or hepatitis C;
- (B) HIV; or
- (C) tuberculosis;

(2) a Class C felony if:

- (A) the person knew or recklessly failed to know that the blood, semen, urine, or fecal waste was infected with hepatitis B or hepatitis C and the offense results in the transmission of hepatitis B or hepatitis C to the other person; or
- (B) the person knew or recklessly failed to know that the blood, semen, urine, or fecal waste was infected with tuberculosis and the offense results in the transmission of tuberculosis to the other person; and

(3) a Class B felony if:

- (A) the person knew or recklessly failed to know that the blood, semen, urine, or fecal waste was infected with HIV; and
- (B) the offense results in the transmission of HIV to the other person.

SECTION 4. IC 35-50-2-1.3, AS ADDED BY P.L.71-2005, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1.3. (a) For purposes of sections 3 through 7 of this chapter, "advisory sentence" means a guideline sentence that the court may voluntarily consider as the midpoint between the maximum sentence and the minimum sentence.

(b) Except as provided in subsection (c), a court is not required to use an advisory sentence.

(c) In imposing:

- (1) consecutive sentences **for felony convictions that are not crimes of violence (as defined in IC 35-50-1-2(a)) arising out of an episode of criminal conduct**, in accordance with IC 35-50-1-2;
- (2) an additional fixed term to an habitual offender under section 8 of this chapter; or
- (3) an additional fixed term to a repeat sexual offender under section 14 of this chapter;

a court is required to use the appropriate advisory sentence in imposing a consecutive sentence or an additional fixed term. However, the court is not required to use the advisory sentence in imposing the sentence for the underlying offense.

(d) This section does not require a court to use an advisory sentence in imposing consecutive sentences for felony convictions that do not arise out of an episode of criminal conduct.

SECTION 5. [EFFECTIVE JULY 1, 2007] IC 35-42-2-6, as amended by this act, applies only to acts committed after June 30, 2007.

SECTION 6. **An emergency is declared for this act.**

(Reference is to ESB 45 as reprinted April 10, 2007.)

Bray, Chair

Lawson

Arnold

Foley

Senate Conferees

House Conferees

Roll Call 539: yeas 47, nays 0. Report adopted.

CONFERENCE COMMITTEE REPORT

ESB 105-1

Madam President: Your Conference Committee appointed to confer with a like committee from the House upon Engrossed House Amendments to Engrossed Senate Bill 105 respectfully reports that said two committees have conferred and agreed as follows to wit: that the Senate recede from its dissent from all House amendments and that the Senate now concur in all House amendments to the bill and that the bill be further amended as follows:

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 2-5-28 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

Chapter 28. Joint Study Committee on Mass Transit and Transportation Alternatives

Sec. 1. As used in this chapter, "committee" refers to the joint study committee on mass transit and transportation alternatives.

Sec. 2. The joint study committee on mass transit and transportation alternatives is established.

Sec. 3. The committee has the following membership:

- (1) The members of the standing senate committee on homeland security, transportation, and veterans affairs.
- (2) The members of the house of representatives standing committee on roads and transportation.

Sec. 4. The chairs of the standing committees specified in section 3(1) and 3(2) of this chapter shall serve as co-chairs of the committee.

Sec. 5. The committee shall do the following:

- (1) Review Indiana department of transportation studies regarding mass transit that have been conducted by the department.
- (2) Review federal legislative activity regarding development and expansion of mass transit as well as revenue streams on the federal level.
- (3) Review mass transit initiatives of other states.

Sec. 6. The committee shall report on and make recommendations concerning the following issues:

- (1) The need to use mass transit to mitigate traffic congestion.
- (2) Ways to address the demand for workforce transportation that are reliable and secure.
- (3) Ways to eliminate barriers to investment in mass transit created by the current structure of transportation funding.
- (4) Existing barriers to private investment in mass transit facilities, including tax inequities.
- (5) Effective ways of leveraging funding under federal programs to supplement state funding of mass transit.
- (6) The relationship between land use and investment in mass transit infrastructure.
- (7) The role that mass transit plays in promoting economic growth, improving the environment, and sustaining the quality of life.

Sec. 7. The legislative services agency and the Indiana department of transportation shall provide support staff for the committee.

Sec. 8. The committee shall operate under the policies governing study committees adopted by the legislative council.

SECTION 2. IC 8-14-14-5, AS ADDED BY P.L.47-2006, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) The major moves construction fund is established for the purpose of:

- (1) funding projects, **other than passenger or freight railroad systems as described in IC 8-15.7-2-14(a)(4)**, under IC 8-15.7 or IC 8-15-3;
- (2) funding other projects in the department's transportation plan; and
- (3) funding distributions under sections 6 and 7 of this chapter.

(b) The fund shall be administered by the department.

(c) Notwithstanding IC 5-13, the treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as money is invested by the public employees' retirement fund under IC 5-10.3-5. However, the treasurer of state may not invest the money in the fund in equity securities. The treasurer of state may contract with investment management professionals, investment advisors, and legal counsel

to assist in the investment of the fund and may pay the state expenses incurred under those contracts from the fund. Interest that accrues from these investments shall be deposited in the fund.

(d) The fund consists of the following:

- (1) Distributions to the fund from the toll road fund under IC 8-15.5-11.
- (2) Distributions to the fund from the next generation trust fund under IC 8-14-15.
- (3) Appropriations to the fund.
- (4) Gifts, grants, loans, bond proceeds, and other money received for deposit in the fund.
- (5) Revenues arising from:
 - (A) a tollway under IC 8-15-3 or IC 8-23-7-22; or
 - (B) a toll road under IC 8-15-2 or IC 8-23-7-23; that the department designates as part of, and deposits in, the fund.
- (6) Payments, **other than payments for passenger or freight railroad systems as described in IC 8-15.7-2-14(a)(4)**, made to the authority or the department from operators under IC 8-15.7.
- (7) Interest, premiums, or other earnings on the fund.

(e) The fund is considered a trust fund for purposes of IC 4-9.1-1-7. Money may not be transferred, assigned, or otherwise removed from the fund by the state board of finance, the budget agency, or any other state agency.

(f) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

(g) Money in the fund must be appropriated by the general assembly to be available for expenditure.

SECTION 3. IC 8-14-14-7, AS ADDED BY P.L.47-2006, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) In addition to any distributions required by section 6 of this chapter, money in the fund may be used for any of the following purposes:

- (1) **Except as provided in subsection (b)**, the payment of any obligation incurred or amounts owed by the authority, the department, or an operator under IC 8-15-2, IC 8-15-3, IC 8-15.5, or IC 8-15.7 in connection with the execution and performance of a public-private agreement under IC 8-15.5 or IC 8-15.7, including establishing reserves.
- (2) Lease payments to the authority, if money for those payments is specifically appropriated by the general assembly.
- (3) Distributions to the treasurer of state for deposit in the state highway fund, for the funding of any project in the department's transportation plan.

(b) Money in the fund may not be used for the payment of an obligation incurred or amounts owed by the authority, the department, or an operator under IC 8-15.7 in connection with a public-private agreement under IC 8-15.7 concerning a passenger or freight railroad system as described in IC 8-15.7-2-14(a)(4).

SECTION 4. IC 8-14-17 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

Chapter 17. Alternative Transportation Construction Fund

Sec. 1. As used in this chapter, "authority" refers to the Indiana finance authority established by IC 4-4-11-4.

Sec. 2. As used in this chapter, "department" refers to the

Indiana department of transportation.

Sec. 3. As used in this chapter, "fund" refers to the alternative transportation construction fund established by section 4 of this chapter.

Sec. 4. (a) The alternative transportation construction fund is established for the purpose of:

(1) funding projects under IC 8-15.7 for passenger and freight railroad systems as described in IC 8-15.7-2-14(a)(4); and

(2) funding distributions under section 5 of this chapter.

(b) The fund shall be administered by the department.

(c) Notwithstanding IC 5-13, the treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as money is invested by the public employees' retirement fund under IC 5-10.3-5. However, the treasurer of state may not invest the money in the fund in equity securities. The treasurer of state may contract with investment management professionals, investment advisers, and legal counsel to assist in the investment of the fund and may pay the state expenses incurred under those contracts from the fund. Interest that accrues from these investments shall be deposited in the fund.

(d) The fund consists of the following:

(1) Appropriations to the fund.

(2) Gifts, grants, loans, bond proceeds, and other money received for deposit in the fund.

(3) Payments made to the authority or the department from operators under IC 8-15.7 concerning passenger and freight railroad systems as described in IC 8-15.7-2-14(a)(4).

(4) Interest, premiums, or other earnings on the fund.

(e) The fund is considered a trust fund for purposes of IC 4-9.1-1-7. Money may not be transferred, assigned, or otherwise removed from the fund by the state board of finance, the budget agency, or any other state agency.

(f) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

(g) Money in the fund must be appropriated by the general assembly to be available for expenditure.

Sec. 5. Money in the fund may be used for any of the following purposes:

(1) The payment of any obligation incurred or amounts owed by the authority, the department, or an operator under IC 8-15.7 in connection with the execution and performance of a public-private agreement under IC 8-15.7 for a passenger or freight railroad system as described in IC 8-15.7-2-14(a)(4).

(2) Lease payments to the authority, if money for those payments is specifically appropriated by the general assembly.

SECTION 5. IC 8-15.7-1-5, AS ADDED BY P.L.47-2006, SECTION 40, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) This article contains full and complete authority for agreements and leases with private entities to carry out the activities described in this article. Except as provided in this article, no procedure, proceeding, publication, notice, consent, approval, order, or act by the authority, the department, or any other state or local agency or official is required

to enter into an agreement or lease, and no law to the contrary affects, limits, or diminishes the authority for agreements and leases with private entities, except as provided by this article.

(b) Notwithstanding any other law, the department, the authority, or an operator may not carry out any of the following activities under this article unless the general assembly enacts a statute authorizing that activity:

(1) Issuing a request for proposals for, or entering into, a public-private agreement concerning a project other than Interstate Highway 69 between Interstate Highway 465 and Interstate Highway 64.

(2) Carrying out construction for Interstate Highway 69 in a township having a population of more than seventy-five thousand (75,000) and less than ninety-three thousand five hundred (93,500).

(3) Imposing user fees on motor vehicles for use of the part of an interstate highway that connects a consolidated city and a city having a population of more than eleven thousand five hundred (11,500) but less than eleven thousand seven hundred forty (11,740).

(c) Notwithstanding subsection (b) or any other law, the department or the authority may enter into a public-private agreement concerning a project consisting of a passenger or freight railroad system described in IC 8-15.7-2-14(a)(4). Such an agreement is subject to review and appropriation by the general assembly. However, this subsection does not prohibit the department from:

(1) conducting preliminary studies that the department considers necessary to determine the feasibility of such a project; or

(2) issuing a request for qualifications or a request for proposals, or both, under IC 8-15.7-4 for such a project.

SECTION 6. IC 8-15.7-2-14, AS ADDED BY P.L.47-2006, SECTION 40, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. (a) Subject to IC 8-15.7-1-5, "project" means all or part of the following:

(1) A limited access facility (as defined in IC 8-23-1-28).

(2) A tollway.

(3) Roads and bridges.

(4) Passenger and freight railroad systems, including:

(A) the costs of environmental impact studies;

(B) property, equipment, and appurtenances necessary to operate a railroad, including lines, routes, roads, rights-of-way, easements, licenses, permits, track upgrades, rail grade crossings, locomotives, passenger cars, freight cars, and other railroad cars of any type or class; and

(C) other costs that the department determines are necessary to develop a passenger or freight railroad system in Indiana.

(4) (5) All or part of a bridge, tunnel, overpass, underpass, interchange, structure, ramp, access road, service road, entrance plaza, approach, tollhouse, utility corridor, toll gantry, rest stop, service area, or administration, storage, or other building or facility, including temporary facilities and buildings or facilities and structures that will not be tolled, that the department determines is appurtenant, necessary, or desirable for the development, financing, or operation of the

facilities described in subdivisions (1) ~~(2)~~, and ~~(3)~~ through (4).

~~(5)~~ (6) An improvement, betterment, enlargement, extension, or reconstruction of all or part of any of the facilities described in this section, including a nontolled part, that is separately designated by name or number.

(b) The term does not include a passenger railroad system that is operated by a commuter transportation district established under IC 8-5-15.

SECTION 7. IC 8-15.7-5-5, AS ADDED BY P.L.47-2006, SECTION 40, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. To the extent that the department receives any payment or compensation under the public-private agreement other than repayment of a loan or grant or reimbursement for services provided by the department to the operator, the payment or compensation shall be distributed at the direction of the department to the:

- (1) major moves construction fund established under IC 8-14-14;
- (2) department for deposit in the state highway fund established by IC 8-23-9-54; or
- (3) alternative transportation construction fund established under IC 8-14-17; or**
- ~~(3)~~ (4) operator or the authority for debt reduction.

SECTION 8. IC 8-23-27 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 27. Illiana Expressway

Sec. 1. As used in this chapter, "committee" refers to the Illiana expressway proposal review committee established by section 4 of this chapter.

Sec. 2. As used in this chapter, "Illiana expressway" refers to a new interstate quality highway connecting Interstate Highway 57 in Illinois to Interstate Highway 65 in Indiana.

Sec. 3. As used in this chapter, "study" refers to the study described in section 14 of this chapter.

Sec. 4. The Illiana expressway proposal review committee is established.

Sec. 5. (a) The committee consists of eight (8) voting members appointed as follows:

- (1) Four (4) members of the senate, not more than two (2) of whom may be from the same political party, to be appointed by the president pro tempore of the senate.**
- (2) Four (4) members of the house of representatives, not more than two (2) of whom may be from the same political party, to be appointed by the speaker of the house of representatives.**

(b) At least two (2) of the members appointed under subsection (a)(1) and at least two (2) of the members appointed under subsection (a)(2) must represent a district that encompasses all or part of Lake County.

(c) A vacancy on the committee shall be filled by the appointing authority.

(d) Initial appointments to the committee must be made before July 1, 2007.

Sec. 6. (a) The president pro tempore of the senate shall appoint a member of the committee to serve as chairperson of the committee from January 1 through December 31 of

odd-numbered years.

(b) The speaker of the house of representatives shall appoint a member of the committee to serve as chairperson of the committee from January 1 through December 31 of even-numbered years.

Sec. 7. The committee shall do the following:

(1) Take and review the study presented to the committee under section 14 of this chapter, testimony, and other information provided to the committee by the Indiana department of transportation, other state agencies or federal agencies, and the public concerning the proposed Illiana expressway project.

(2) Prepare a report to be submitted to the governor and to the legislative council in an electronic format under IC 5-14-6 regarding the committee's determination of whether the proposed Illiana expressway project is recommended by the committee.

Sec. 8. The committee shall meet at the call of the chairperson.

Sec. 9. (a) Except as provided in subsection (b), the committee shall operate under the policies governing study committees adopted by the legislative council, including the requirement of filing an annual report in an electronic format under IC 5-14-6.

(b) The committee may meet at any time during the calendar year.

Sec. 10. (a) Five (5) members of the committee constitute a quorum.

(b) The affirmative votes of a majority of the voting members appointed to the committee are required for the committee to take action on any measure.

Sec. 11. The legislative services agency shall provide staff support for the committee.

Sec. 12. Each member of the committee appointed under this chapter is entitled to receive the same per diem, mileage, and travel allowances paid to members of the general assembly serving on legislative study committees established by the legislative council.

Sec. 13. Representatives of the Indiana department of transportation shall testify before the committee upon request of the chairperson.

Sec. 14. The department shall conduct an independent study to:

- (1) perform a needs assessment of an Illiana expressway; and**
- (2) identify a highway alignment corridor for an Illiana expressway.**

The department may use any part of a study conducted before April 29, 2007, to comply with this section.

Sec. 15. (a) Before July 1, 2009, the department shall present a report to:

- (1) the members of the committee in an electronic format under IC 5-14-6; and**
- (2) the governor;**

that presents the findings of the study conducted under section 14 of this chapter and includes sufficient background for the members of the committee and the governor to evaluate the findings presented in the study.

(b) The report required by subsection (a) must include at least the following:

- (1) A description of the need for an Illiana expressway.
- (2) An evaluation concerning the feasibility of an Illiana expressway, including the following:
 - (A) Projections for acquisition costs and eminent domain issues.
 - (B) Expected use of the proposed expressway and any toll revenues.
 - (C) Expected construction costs.
 - (D) Expected operating and maintenance costs.
 - (E) Options for funding acquisition, construction, operation, and maintenance costs.
- (3) A description of the department's recommended route for an Illiana expressway, including the following:
 - (A) Traffic projections showing expected use and relief of traffic congestion.
 - (B) Alternative routes.
 - (C) Economic impact studies on the proposed route and affected areas.
- (4) Any other information that is necessary or appropriate to assist the general assembly in evaluating the Illiana expressway project.

Sec. 16. The department may pay for the study conducted under section 14 of this chapter from any funds available to the department. The amount expended for the study may not exceed one million dollars (\$1,000,000).

SECTION 9. [EFFECTIVE JULY 1, 2007] (a) The definitions in IC 8-15.7-2, as amended by this act, apply throughout this SECTION.

(b) The department shall submit an annual report to the legislative council in an electronic format under IC 5-14-6. The report under this subsection must include detailed information on the department's efforts concerning:

- (1) the development;
- (2) the financing;
- (3) the operation; or
- (4) any combination of the development, financing, and operation;

of passenger or freight railroad systems as described in IC 8-15.7-2-14(a)(4), as amended by this act, through public-private agreements.

(c) This SECTION expires July 1, 2012.

SECTION 10. [EFFECTIVE JULY 1, 2007] (a) As used in this SECTION, "department" refers to the Indiana department of transportation established by IC 8-23-2-1.

(b) Before December 1, 2007, the department shall commission six (6) studies concerning mass transit in each of the following regions:

- (1) Central Indiana, consisting of the following counties:
 - (A) Boone.
 - (B) Delaware.
 - (C) Hamilton.
 - (D) Hancock.
 - (E) Hendricks.
 - (F) Johnson.
 - (G) Madison.
 - (H) Marion.

- (I) Monroe.
- (J) Morgan.
- (K) Shelby.

- (2) Northwest Indiana.
- (3) Northeast Indiana.
- (4) South central Indiana, including Monroe County.
- (5) Southwest Indiana.
- (6) Southeast Indiana.

(c) Each of the studies specified in subsection (b) must analyze the following aspects of mass transit systems:

- (1) The need to use public transportation to mitigate traffic congestion on a statewide basis.
- (2) Ways to address the demand for workforce transportation that are reliable and secure.
- (3) Ways to eliminate barriers to investment in public transportation created by the current structure of transportation funding.
- (4) Existing barriers to private investment in public transportation facilities, including tax inequities.
- (5) Effective ways of leveraging federal programs to supplement state funding of public transportation.
- (6) The relationship between land use and investment in public transportation infrastructure on a statewide basis.
- (7) The role that public transportation plays in promoting economic growth, improving the environment, and sustaining the quality of life.
- (8) Policies required to develop a mass transit system to support a growing population and the state's economy for the foreseeable future.
- (9) Transit oriented development.
- (10) Impact of mass transit on projected demographic patterns, including age populations.
- (11) Current and future commuter patterns in the identified counties.
- (12) Current trends in mass transit on a statewide basis.
- (13) A review of federal activities in the area of mass transit on a statewide basis.
- (14) Funding options for pilot mass transit and alternative transit systems.

(d) The department shall require winning bidders for the studies required by subsection (b) to submit final reports by January 1, 2009.

(e) The department shall transmit the results of the studies required by subsection (b) to the public and, in an electronic format under IC 5-14-6, to the general assembly and governor on or about January 1, 2009. If a winning bidder produces intermediate reports in the course of conducting a study, the department shall also transmit in a timely manner the results of those intermediate reports to the public and, in an electronic format under IC 5-14-6, to the general assembly and the governor.

(f) The department shall pay for the studies required by subsection (b) from money under the department's control, including money held in the following funds or accounts:

- (1) Federal highway account.
- (2) Federal transit account.
- (3) State planning and research fund.
- (4) State's portion of the public mass transit fund.

(g) This SECTION expires December 31, 2009.

SECTION 11. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "department" refers to the Indiana department of transportation.

(b) The department shall commission a study of the feasibility and implementation of a commuter rail system with service from Muncie to Indianapolis and from Indianapolis to Bloomington. The study:

- (1) must address the feasibility and implementation of stops in Anderson, Noblesville, Fishers, Indianapolis, and Bloomington; and
- (2) may address the feasibility and implementation of additional stops.

(c) The study required by this SECTION must include the following information:

- (1) Potential routes for the commuter rail system.
- (2) An estimate of costs associated with implementing the commuter rail system.
- (3) An estimate of the number of potential riders.
- (4) An estimate of the effect on existing transportation systems.
- (5) Any other relevant issues that may affect the implementation of a commuter rail system.

(d) The department may apply for any grants or enter into agreements with the Federal Transit Administration in accordance with 49 U.S.C. 5301 et seq. to complete the study.

(e) The department shall submit, not later than August 30, 2008, a copy of the results of the study in an electronic format under IC 5-14-6 to the executive director of the legislative services agency for distribution to the members of the general assembly.

(f) This SECTION expires December 31, 2008.

SECTION 12. An emergency is declared for this act. (Reference is to ESB 105 as reprinted April 6, 2007.)

Kenley, Chair	Austin
Lanane	Soliday
Senate Conferees	House Conferees

Roll Call 540: yeas 49, nays 0. Report adopted.

CONFERENCE COMMITTEE REPORT
ESB 287-1

Madam President: Your Conference Committee appointed to confer with a like committee from the House upon Engrossed House Amendments to Engrossed Senate Bill 287 respectfully reports that said two committees have conferred and agreed as follows to wit: that the Senate recede from its dissent from all House amendments and that the Senate now concur in all House amendments to the bill and that the bill be further amended as follows:

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 3-8-1-23 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 23. (a) **Subject to subsection (b)**, a candidate for the office of county assessor must:

- (1) have resided in the county for at least one (1) year before the election, as provided in Article 6, Section 4 of the

Constitution of the State of Indiana; and

(2) own real property located in the county upon taking office.

(b) A candidate for the office of county assessor who runs in an election after June 30, 2008, must have attained the certification of a level two assessor-appraiser under IC 6-1.1-35.5.

SECTION 2. IC 3-8-1-23.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 23.5. (a) A person who runs in an election after June 30, 2008, for the office of township assessor under IC 36-6-5-1 must have attained the certification of a level two assessor-appraiser under IC 6-1.1-35.5 before taking office.

(b) A person who runs in an election after June 30, 2008, for the office of township trustee who performs all the duties and has all the rights and powers of a township assessor under IC 36-6-5-1 must have attained the certification of a level two assessor-appraiser under IC 6-1.1-35.5 before taking office to qualify to perform those duties and to assume those rights and powers.

(c) A person who runs successfully under subsection (b) but has not attained the certification of a level two assessor-appraiser under IC 6-1.1-35.5 before taking office:

- (1) may perform in office only duties other than the duties of a township assessor under IC 36-6-5-1; and
- (2) has only the rights and powers of the trustee other than the rights and powers of a township assessor under IC 36-6-5-1.

The restrictions listed in this subsection apply to the entire term for which the person takes office, regardless of whether the person attains the certification of a level two assessor-appraiser under IC 6-1.1-35.5 during the term of office.

SECTION 3. IC 4-21.5-2-4, AS AMENDED BY SEA 526-2007, SECTION 51, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) This article does not apply to any of the following agencies:

- (1) The governor.
- (2) The state board of accounts.
- (3) The state educational institutions.
- (4) The department of workforce development.
- (5) The unemployment insurance review board of the department of workforce development.
- (6) The worker's compensation board of Indiana.
- (7) The military officers or boards.
- (8) The Indiana utility regulatory commission.
- (9) The department of state revenue (excluding an agency action related to the licensure of private employment agencies).
- (10) The department of local government finance.
- (11) **The Indiana board of tax review.**

(b) This article does not apply to action related to railroad rate and tariff regulation by the Indiana department of transportation.

SECTION 4. IC 4-21.5-2-6, AS AMENDED BY P.L.234-2005, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (~~a~~) This article does not apply to the formulation, issuance, or administrative review (but does **except as provided in subsection (b)**; apply to the judicial review and civil enforcement) of any of the following:

(1) Except as provided in IC 12-17.2-4-18.7 and IC 12-17.2-5-18.7, determinations by the division of family resources and the department of child services.

(2) Determinations by the alcohol and tobacco commission.

(3) Determinations by the office of Medicaid policy and planning concerning recipients and applicants of Medicaid. However, this article does apply to determinations by the office of Medicaid policy and planning concerning providers.

~~(4) A final determination of the Indiana board of tax review.~~

~~(b) IC 4-21.5-5-12 and IC 4-21.5-5-14 do not apply to judicial review of a final determination of the Indiana board of tax review.~~

SECTION 5. IC 4-21.5-5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) The following have standing to obtain judicial review of an agency action:

(1) A person to whom the agency action is specifically directed.

(2) A person who was a party to the agency proceedings that led to the agency action.

(3) A person eligible for standing under a law applicable to the agency action.

(4) A person otherwise aggrieved or adversely affected by the agency action.

~~(5) The department of local government finance with respect to judicial review of a final determination of the Indiana board of tax review in an action in which the department has intervened under IC 6-1.1-15-5(b).~~

(b) A person has standing under subsection (a)(4) only if:

(1) the agency action has prejudiced or is likely to prejudice the interests of the person;

(2) the person:

(A) was eligible for an initial notice of an order or proceeding under this article, was not notified of the order or proceeding in substantial compliance with this article, and did not have actual notice of the order or proceeding before the last date in the proceeding that the person could object or otherwise intervene to contest the agency action; or

(B) was qualified to intervene to contest an agency action under IC 4-21.5-3-21(a), petitioned for intervention in the proceeding, and was denied party status;

(3) the person's asserted interests are among those that the agency was required to consider when it engaged in the agency action challenged; and

(4) a judgment in favor of the person would substantially eliminate or redress the prejudice to the person caused or likely to be caused by the agency action.

SECTION 6. IC 4-21.5-5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) ~~Except as provided in subsection (c),~~ Venue is in the judicial district where:

(1) the petitioner resides or maintains a principal place of business;

(2) the agency action is to be carried out or enforced; or

(3) the principal office of the agency taking the agency action is located.

(b) If more than one (1) person may be aggrieved by the agency action, only one (1) proceeding for review may be had, and the

court in which a petition for review is first properly filed has jurisdiction.

(c) The rules of procedure governing civil actions in the courts govern pleadings and requests under this chapter for a change of judge or change of venue to another judicial district described in subsection (a).

(d) Each person who was a party to the proceeding before the agency is a party to the petition for review.

~~(e) Venue with respect to judicial review of an action of the Indiana board of tax review is in the tax court.~~

SECTION 7. IC 4-22-5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. Where under the provisions of any statute, the department of local government finance or the Indiana board of tax review (referred to as "the Indiana board" in this section) is required to conduct a hearing, the commissioner of the department or a member or members of the Indiana board need not be present or preside at such hearing, but the commissioner or the Indiana board shall have the power, by an order in writing, to appoint to so preside hearing officers whose duties shall be prescribed in the order. In the discharge of their duties, the hearing officers shall have all the powers to investigate and to require evidence granted to the department or the Indiana board. The department or the Indiana board may conduct any number of hearings contemporaneously through different hearing officers. ~~At the conclusion of a hearing, the hearing officer shall make a written report thereof. After receipt of the report the department or the Indiana board may take further evidence or hold further hearings. The decisions of the department or the Indiana board shall be based upon the report, additional evidence, and records as the department or Indiana board deems pertinent.~~

SECTION 8. IC 5-1-18-6, AS ADDED BY P.L.199-2005, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. A political subdivision that issues bonds or enters into a lease after December 31, 2005, shall supply the department with information concerning the bond issue or lease ~~within twenty (20) days after the issuance of not later than~~ **December 31 of the year in which the bonds or execution of are issued or the lease is executed.**

SECTION 9. IC 6-1.1-1-24 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: **Sec. 24. If a transfer from a township assessor to the county assessor of the assessment duties prescribed by this article results from the failure of a person elected to the office of township assessor to attain the certification of a level two assessor-appraiser as provided in IC 3-8-1-23.5, as described in IC 36-2-15-5(e), a reference to the township assessor in this article is considered to be a reference to the county assessor.**

SECTION 10. IC 6-1.1-3-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 10. (a) If a taxpayer owns, holds, possesses, or controls personal property which is located in two (2) or more townships, ~~he the taxpayer~~ shall file any additional returns with the ~~department of local government finance~~ **county assessor** which the department of local government finance may require by regulation.

(b) If a taxpayer owns, holds, possesses, or controls personal property which is located in two (2) or more taxing districts within

the same township, ~~he~~ **the taxpayer** shall file a separate personal property return covering the property in each taxing district.

SECTION 11. IC 6-1.1-3-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 18. (a) Each township assessor of a county shall periodically report to the county assessor and the county auditor with respect to the returns and properties of taxpayers which the township assessor has examined. The township assessor shall submit these reports in the form and on the dates prescribed by the department of local government finance.

(b) Each year, on or before the time prescribed by the department of local government finance, each township assessor of a county shall deliver to the county assessor a copy of each business personal property return which the taxpayer is required to file in duplicate under section 7(c) of this chapter and a copy of any supporting data supplied by the taxpayer with the return. **Each year, the county assessor:**

- (1) shall review and may audit those returns; and
- (2) shall determine the returns in which the assessment appears to be improper.

SECTION 12. IC 6-1.1-4-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 11. (a) If a substantial amount of real and personal property in a township has been partially or totally destroyed as a result of a disaster, the ~~department of local government finance~~ **county assessor** shall:

- (1) cause a survey to be made of the area or areas in which the property has been destroyed; and
- (2) order a reassessment of the destroyed property;

if a person petitions the ~~department~~ **county assessor** to take that action. The ~~department of local government finance~~ **county assessor** shall specify in ~~its~~ **the assessor's** order the time within which the reassessment must be completed and the date on which the reassessment will become effective. However, the reassessed value and the corresponding adjustment of tax due, past due, or already paid is effective as of the date the disaster occurred, without penalty.

(b) The petition for reassessment of destroyed property, the reassessment order, and the tax adjustment order may not be made after December 31st of the year in which the taxes which would first be affected by the reassessment are payable.

SECTION 13. IC 6-1.1-4-27.5, AS AMENDED BY P.L.228-2005, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 27.5. (a) The auditor of each county shall establish a property reassessment fund. The county treasurer shall deposit all collections resulting from the property taxes that the county levies for the county's property reassessment fund.

(b) With respect to the general reassessment of real property that is to commence on July 1, 2009, the county council of each county shall, for property taxes due in 2006, 2007, 2008, and 2009, levy in each year against all the taxable property in the county an amount equal to one-fourth (1/4) of the remainder of:

- (1) the estimated costs referred to in section 28.5(a) of this chapter; minus
- (2) the amount levied under this section by the county council for property taxes due in 2004 and 2005.

(c) With respect to a general reassessment of real property that is to commence on July 1, 2014, and each fifth year thereafter, the

county council of each county shall, for property taxes due in the year that the general reassessment is to commence and the four (4) years preceding that year, levy against all the taxable property in the county an amount equal to one-fifth (1/5) of the estimated costs of the general reassessment under section 28.5 of this chapter.

(d) The department of local government finance shall give to each county council notice, before January 1 in a year, of the tax levies required by this section for that year.

(e) The department of local government finance may raise or lower the property tax levy under this section for a year if the department determines it is appropriate because the estimated cost of:

- (1) a general reassessment; or
- (2) making annual adjustments under section 4.5 of this chapter;

has changed.

(f) The county assessor or township assessor may petition the county fiscal body to increase the levy under subsection (b) or (c) to pay for the costs of:

- (1) a general reassessment;
- (2) verification under 50 IAC 21-3-2 of sales disclosure forms forwarded to:

(A) the county assessor; or

(B) township assessors;

under IC 6-1.1-5.5-3; or

- (3) processing annual adjustments under section 4.5 of this chapter.

The assessor must document the needs and reasons for the increased funding.

(g) If the county fiscal body denies a petition under subsection (f), the assessor may appeal to the department of local government finance. The department of local government finance shall:

- (1) hear the appeal; and
- (2) determine whether the additional levy is necessary.

SECTION 14. IC 6-1.1-4-28.5, AS AMENDED BY P.L.1-2006, SECTION 131, AND AS AMENDED BY P.L.154-2006, SECTION 2, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 28.5. (a) Money assigned to a property reassessment fund under section 27.5 of this chapter may be used only to pay the costs of:

- (1) the general reassessment of real property, including the computerization of assessment records;
- (2) payments to county assessors, members of property tax assessment boards of appeals, or assessing officials under IC 6-1.1-35.2;
- (3) the development or updating of detailed soil survey data by the United States Department of Agriculture or its successor agency;
- (4) the updating of plat books;
- (5) payments for the salary of permanent staff or for the contractual services of temporary staff who are necessary to assist county assessors, members of a county property tax assessment board of appeals, and assessing officials;
- (6) making annual adjustments under section 4.5 of this chapter; and
- (7) the verification under 50 IAC 21-3-2 of sales disclosure forms forwarded to:

- (A) the county assessor; or
(B) township assessors;

under IC 6-1.1-5.5-3.

Money in a property tax reassessment fund may not be transferred or reassigned to any other fund and may not be used for any purposes other than those set forth in this section.

(b) All counties shall use modern, detailed soil maps in the general reassessment of agricultural land.

(c) The county treasurer of each county shall, in accordance with IC 5-13-9, invest any money accumulated in the property reassessment fund. ~~until the money is needed to pay general reassessment expenses.~~ Any interest received from investment of the money shall be paid into the property reassessment fund.

(d) *An appropriation under this section must be approved by the fiscal body of the county after the review and recommendation of the county assessor. However, in a county with an elected township assessor in every township, the county assessor does not review an appropriation under this section, and only the fiscal body must approve an appropriation under this section.*

SECTION 15. IC 6-1.1-4-31.7, AS ADDED BY P.L.228-2005, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 31.7. (a) As used in this section, "special master" refers to a person designated by the Indiana board under subsection (e).

(b) The notice of assessment or reassessment under section 31.5(h) of this chapter is subject to appeal by the taxpayer to the Indiana board. The procedures and time limitations that apply to an appeal to the Indiana board of a determination of the department of local government finance do not apply to an appeal under this subsection. The Indiana board may establish applicable procedures and time limitations under subsection (l).

(c) In order to appeal under subsection (b), the taxpayer must:

- (1) participate in the informal hearing process under section 31.6 of this chapter;
- (2) except as provided in section 31.6(i) of this chapter, receive a notice under section 31.6(g) of this chapter; and
- (3) file a petition for review with the appropriate county assessor not later than thirty (30) days after:
 - (A) the date of the notice to the taxpayer under section 31.6(g) of this chapter; or
 - (B) the date after which the department may not change the amount of the assessment or reassessment under the informal hearing process described in section 31.6 of this chapter.

(d) The Indiana board may develop a form for petitions under subsection (c) that outlines:

- (1) the appeal process;
- (2) the burden of proof; and
- (3) evidence necessary to warrant a change to an assessment or reassessment.

(e) The Indiana board may contract with, appoint, or otherwise designate the following to serve as special masters to conduct evidentiary hearings and prepare reports required under subsection (g):

- (1) Independent, licensed appraisers.
- (2) Attorneys.
- (3) Certified level two or level three Indiana

assessor-appraisers (including administrative law judges employed by the Indiana board).

(4) Other qualified individuals.

(f) Each contract entered into under subsection (e) must specify the appointee's compensation and entitlement to reimbursement for expenses. The compensation and reimbursement for expenses are paid from the county property reassessment fund.

(g) With respect to each petition for review filed under subsection (c), the special masters shall:

- (1) set a hearing date;
- (2) give notice of the hearing at least thirty (30) days before the hearing date, by mail, to:
 - (A) the taxpayer;
 - (B) the department of local government finance;
 - (C) the township assessor; and
 - (D) the county assessor;
- (3) conduct a hearing and hear all evidence submitted under this section; and
- (4) make evidentiary findings and file a report with the Indiana board.

(h) At the hearing under subsection (g):

- (1) the taxpayer shall present:
 - (A) the taxpayer's evidence that the assessment or reassessment is incorrect;
 - (B) the method by which the taxpayer contends the assessment or reassessment should be correctly determined; and
 - (C) comparable sales, appraisals, or other pertinent information concerning valuation as required by the Indiana board; and
- (2) the department of local government finance shall present its evidence that the assessment or reassessment is correct.

(i) The Indiana board may dismiss a petition for review filed under subsection (c) if the evidence and other information required under subsection (h)(1) is not provided at the hearing under subsection (g).

(j) The township assessor and the county assessor may attend and participate in the hearing under subsection (g).

(k) The Indiana board may:

- (1) consider the report of the special masters under subsection (g)(4);
- (2) make a final determination based on the findings of the special masters without:
 - (A) conducting a hearing; or
 - (B) any further proceedings; and
- (3) incorporate the findings of the special masters into the board's findings in resolution of the appeal.

(l) The Indiana board may adopt rules under IC 4-22-2-37.1 to:

- (1) establish procedures to expedite:
 - (A) the conduct of hearings under subsection (g); and
 - (B) the issuance of determinations of appeals under subsection (k); and
- (2) establish deadlines:
 - (A) for conducting hearings under subsection (g); and
 - (B) for issuing determinations of appeals under subsection (k).

(m) A determination by the Indiana board of an appeal under

subsection (k) is subject to appeal to the tax court under IC 6-1.1-15.

SECTION 16. IC 6-1.1-5.5-3, AS AMENDED BY P.L.228-2005, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) For purposes of this section, "party" includes:

- (1) a seller of property that is exempt under the seller's ownership; or
- (2) a purchaser of property that is exempt under the purchaser's ownership;

from property taxes under IC 6-1.1-10.

(b) Before filing a conveyance document with the county auditor under IC 6-1.1-5-4, all the parties to the conveyance must **do the following**:

(1) Complete and sign a sales disclosure form as prescribed by the department of local government finance under section 5 of this chapter. All the parties may sign one (1) form, or if all the parties do not agree on the information to be included on the completed form, each party may sign and file a separate form.

(2) Before filing a sales disclosure form with the county auditor, submit the sales disclosure form to the county assessor. The county assessor must review the accuracy and completeness of each sales disclosure form submitted immediately upon receipt of the form and, if the form is accurate and complete, stamp the form as eligible for filing with the county auditor and return the form to the appropriate party for filing with the county auditor. If multiple forms are filed in a short period, the county assessor shall process the forms as quickly as possible. For purposes of this subdivision, a sales disclosure form is considered to be accurate and complete if:

(A) the county assessor does not have substantial evidence when the form is reviewed under this subdivision that information in the form is inaccurate; and

(B) the form:

(i) substantially conforms to the sales disclosure form prescribed by the department of local government finance under section 5 of this chapter; and

(ii) is submitted to the county assessor in a format usable to the county assessor.

(3) File the sales disclosure form with the county auditor.

(c) Except as provided in subsection (d), the auditor shall forward each sales disclosure form to the county assessor. The county assessor shall retain the forms for five (5) years. The county assessor shall forward the sales disclosure form data to the department of local government finance and the legislative services agency

~~(1) before January 1, 2005, in an electronic format, if possible; and~~

~~(2) after December 31, 2004, in an electronic format specified jointly by the department of local government finance and the legislative services agency.~~

The county assessor shall forward a copy of the sales disclosure forms to the township assessors in the county. The forms may be used by the county assessing officials, the department of local government finance, and the legislative services agency for the purposes established in IC 6-1.1-4-13.6, sales ratio studies,

equalization, adoption of rules under IC 6-1.1-31-3 and IC 6-1.1-31-6, and any other authorized purpose.

(d) In a county containing a consolidated city, the auditor shall forward the sales disclosure form to the appropriate township assessor. The township assessor shall forward the sales disclosure form to the department of local government finance and the legislative services agency

~~(1) before January 1, 2005, in an electronic format, if possible; and~~

~~(2) after December 31, 2004, in an electronic format specified jointly by the department of local government finance and the legislative services agency.~~

The forms may be used by the county assessing officials, the department of local government finance, and the legislative services agency for the purposes established in IC 6-1.1-4-13.6, sales ratio studies, equalization, adoption of rules under IC 6-1.1-31-3 and IC 6-1.1-31-6, and any other authorized purpose.

(e) If a sales disclosure form includes the telephone number or Social Security number of a party, the telephone number or Social Security number is confidential.

(f) County assessing officials and other local officials may not establish procedures or requirements concerning sales disclosure forms that substantially differ from the procedures and requirements of this chapter.

SECTION 17. IC 6-1.1-8-30, AS AMENDED BY P.L.154-2006, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 30. (a) A public utility company may initiate an appeal of the final assessment of the company's distributable property by filing a petition with the Indiana board not later than forty-five (45) days after:

(1) the public utility company receives notice of the tentative assessment under section 28(a) of this chapter if the final assessment becomes final under section 28(d) of this chapter; or

(2) the department of local government finance gives the public utility company notice of the final determination under section 29(a) of this chapter.

(b) A public utility company may petition for judicial review of the Indiana board's final determination to the tax court under ~~IC 4-21.5-5: IC 6-1.1-15-5~~. However, the company must:

(1) file a ~~verified~~ petition for judicial review; and

(2) mail to the county auditor of each county in which the public utility company's distributable property is located:

(A) a notice that the ~~complaint petition~~ was filed; and

(B) instructions for obtaining a copy of the ~~complaint; petition;~~

not later than forty-five (45) days after the date of the notice of the Indiana board's final determination.

SECTION 18. IC 6-1.1-8-7-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) Before January 1, 2003, two hundred fifty (250) or more owners of real property in a township may petition the department of ~~local government finance~~ to assess the real property of an industrial facility in the township for the 2004 assessment date.

(b) Before January 1 of each year that a general reassessment commences under IC 6-1.1-4-4, two hundred fifty (250) or more owners of real property in a township may petition the department of ~~local government finance~~ to assess the real property of an

industrial facility in the township for that general reassessment.

(c) An industrial company may at any time petition the department of ~~local government finance~~ to assess the real property of an industrial facility owned or used by the company.

(d) Before January 1 of any year, the county assessor of the county in which an industrial facility is located may petition the department to assess the real property of the industrial facility for the assessment date in that year.

SECTION 19. IC 6-1.1-8.7-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. The department of ~~local government finance~~ may assess the real property of an industrial facility pursuant to a petition filed under section 3 of this chapter.

SECTION 20. IC 6-1.1-8.7-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) If the department determines to assess an industrial facility pursuant to a petition filed under section 3(a), ~~or 3(c)~~, **or 3(d)** of this chapter, the department shall schedule the assessment not later than six (6) months after receiving the petition.

(b) If the department determines to assess an industrial facility pursuant to a petition filed under section 3(b) of this chapter, the department shall schedule the assessment not later than three (3) months after the assessment date for which the petition was filed.

SECTION 21. IC 6-1.1-8.7-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) The industrial company that owns or uses the industrial facility assessed under this chapter, a taxpayer that petitioned for assessment of an industrial facility assessed under this chapter, or the county assessor of the county in which the industrial facility is located may appeal an assessment by the department made under this chapter to the ~~department~~. **Indiana board. An appeal under this section shall be conducted in the same manner as an appeal under IC 6-1.1-15-4 through IC 6-1.1-15-8.** An assessment made under this chapter that is not appealed under this section is a final unappealable order of the department.

(b) The ~~department~~ **Indiana board** shall hold a hearing on the appeal and issue an order within one (1) year of the date the appeal is filed.

SECTION 22. IC 6-1.1-8.7-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. The department ~~shall~~ **may** adopt rules to provide just valuations of industrial facilities under this chapter.

SECTION 23. IC 6-1.1-9-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. If a township assessor, county assessor, or county property tax assessment board of appeals believes that any taxable tangible property has been omitted from or undervalued on the assessment rolls or the tax duplicate for any year or years, the official or board shall give written notice under IC 6-1.1-3-20 or IC 6-1.1-4-22 of the assessment or increase in assessment. The notice shall contain a general description of the property and a statement describing the taxpayer's right to a ~~preliminary conference and to a review with the county property tax assessment board of appeals under IC 6-1.1-15-1.~~

SECTION 24. IC 6-1.1-11-3, AS AMENDED BY P.L.154-2006, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: Sec. 3. (a)

Subject to subsections (e), (f), and (g), an owner of tangible property who wishes to obtain an exemption from property taxation shall file a certified application in duplicate with the county assessor of the county in which the property that is the subject of the exemption is located. The application must be filed annually **on or** before May 15 on forms prescribed by the department of local government finance. Except as provided in sections 1, 3.5, and 4 of this chapter, the application applies only for the taxes imposed for the year for which the application is filed.

(b) The authority for signing an exemption application may not be delegated by the owner of the property to any other person except by an executed power of attorney.

(c) An exemption application which is required under this chapter shall contain the following information:

- (1) A description of the property claimed to be exempt in sufficient detail to afford identification.
- (2) A statement showing the ownership, possession, and use of the property.
- (3) The grounds for claiming the exemption.
- (4) The full name and address of the applicant.
- (5) For the year that ends on the assessment date of the property, identification of:

(A) each part of the property used or occupied; and

(B) each part of the property not used or occupied; for one (1) or more exempt purposes under IC 6-1.1-10 during the time the property is used or occupied.

(6) Any additional information which the department of local government finance may require.

(d) A person who signs an exemption application shall attest in writing and under penalties of perjury that, to the best of the person's knowledge and belief, a predominant part of the property claimed to be exempt is not being used or occupied in connection with a trade or business that is not substantially related to the exercise or performance of the organization's exempt purpose.

(e) An owner must file with an application for exemption of real property under subsection (a) or section 5 of this chapter a copy of the township assessor's record kept under IC 6-1.1-4-25(a) that shows the calculation of the assessed value of the real property for the assessment date for which the exemption is claimed. Upon receipt of the exemption application, the county assessor shall examine that record and determine if the real property for which the exemption is claimed is properly assessed. If the county assessor determines that the real property is not properly assessed, the county assessor shall direct the township assessor of the township in which the real property is located to:

(1) properly assess the real property; and

(2) notify the county assessor and county auditor of the proper assessment.

(f) If the county assessor determines that the applicant has not filed with an application for exemption a copy of the record referred to in subsection (e), the county assessor shall notify the applicant in writing of that requirement. The applicant then has thirty (30) days after the date of the notice to comply with that requirement. The county property tax assessment board of appeals shall deny an application described in this subsection if the applicant does not comply with that requirement within the time permitted under this subsection.

(g) This subsection applies whenever a law requires an exemption to be claimed on or in an application accompanying a personal property tax return. The claim or application may be filed on or with a personal property tax return not more than thirty (30) days after the filing date for the personal property tax return, regardless of whether an extension of the filing date has been granted under IC 6-1.1-3-7.

SECTION 25. IC 6-1.1-12-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2007 (RETROACTIVE)]:
Sec. 9. (a) An individual may obtain a deduction from the assessed value of the individual's real property, or mobile home or manufactured home which is not assessed as real property, if:

(1) the individual is at least sixty-five (65) years of age on or before December 31 of the calendar year preceding the year in which the deduction is claimed;

(2) the combined adjusted gross income (as defined in Section 62 of the Internal Revenue Code) of:

(A) the individual and the individual's spouse; or

(B) the individual and all other individuals with whom:

(i) the individual shares ownership; or

(ii) the individual is purchasing the property under a contract;

as joint tenants or tenants in common;

for the calendar year preceding the year in which the deduction is claimed did not exceed twenty-five thousand dollars (\$25,000);

(3) the individual has owned the real property, mobile home, or manufactured home for at least one (1) year before claiming the deduction; or the individual has been buying the real property, mobile home, or manufactured home under a contract that provides that the individual is to pay the property taxes on the real property, mobile home, or manufactured home for at least one (1) year before claiming the deduction, and the contract or a memorandum of the contract is recorded in the county recorder's office;

(4) the individual and any individuals covered by subdivision (2)(B) reside on the real property, mobile home, or manufactured home;

(5) the assessed value of the real property, mobile home, or manufactured home does not exceed one hundred ~~forty-four~~ **eighty-two** thousand ~~four hundred thirty~~ **four hundred thirty** dollars (~~\$144,000~~); **(\$182,430)**; and

(6) the individual receives no other property tax deduction for the year in which the deduction is claimed, except the deductions provided by sections 1, 37, and 38 of this chapter.

(b) Except as provided in subsection (h), in the case of real property, an individual's deduction under this section equals the lesser of:

(1) one-half (1/2) of the assessed value of the real property; or

(2) twelve thousand four hundred eighty dollars (\$12,480).

(c) Except as provided in subsection (h) and section 40.5 of this chapter, in the case of a mobile home that is not assessed as real property or a manufactured home which is not assessed as real property, an individual's deduction under this section equals the lesser of:

(1) one-half (1/2) of the assessed value of the mobile home or manufactured home; or

(2) twelve thousand four hundred eighty dollars (\$12,480).

(d) An individual may not be denied the deduction provided under this section because the individual is absent from the real property, mobile home, or manufactured home while in a nursing home or hospital.

(e) For purposes of this section, if real property, a mobile home, or a manufactured home is owned by:

(1) tenants by the entirety;

(2) joint tenants; or

(3) tenants in common;

only one (1) deduction may be allowed. However, the age requirement is satisfied if any one (1) of the tenants is at least sixty-five (65) years of age.

(f) A surviving spouse is entitled to the deduction provided by this section if:

(1) the surviving spouse is at least sixty (60) years of age on or before December 31 of the calendar year preceding the year in which the deduction is claimed;

(2) the surviving spouse's deceased husband or wife was at least sixty-five (65) years of age at the time of a death;

(3) the surviving spouse has not remarried; and

(4) the surviving spouse satisfies the requirements prescribed in subsection (a)(2) through (a)(6).

(g) An individual who has sold real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property may not claim the deduction provided under this section against that real property.

(h) In the case of tenants covered by subsection (a)(2)(B), if all of the tenants are not at least sixty-five (65) years of age, the deduction allowed under this section shall be reduced by an amount equal to the deduction multiplied by a fraction. The numerator of the fraction is the number of tenants who are not at least sixty-five (65) years of age, and the denominator is the total number of tenants.

SECTION 26. IC 6-1.1-12-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2007 (RETROACTIVE)]:
Sec. 14. (a) Except as provided in subsection (c) and except as provided in section 40.5 of this chapter, an individual may have the sum of twelve thousand four hundred eighty dollars (\$12,480) deducted from the assessed value of the tangible property that the individual owns (or the real property, mobile home not assessed as real property, or manufactured home not assessed as real property that the individual is buying under a contract that provides that the individual is to pay property taxes on the real property, mobile home, or manufactured home if the contract or a memorandum of the contract is recorded in the county recorder's office) if:

(1) the individual served in the military or naval forces of the United States for at least ninety (90) days;

(2) the individual received an honorable discharge;

(3) the individual either:

(A) is totally disabled; or

(B) is at least sixty-two (62) years old and has a disability of at least ten percent (10%); and

(4) the individual's disability is evidenced by:

(A) a pension certificate or an award of compensation issued by the United States Department of Veterans Affairs; or

(B) a certificate of eligibility issued to the individual by the Indiana department of veterans' affairs after the Indiana department of veterans' affairs has determined that the individual's disability qualifies the individual to receive a deduction under this section.

(b) Except as provided in subsection (c), the surviving spouse of an individual may receive the deduction provided by this section if the individual would qualify for the deduction if the individual were alive.

(c) No one is entitled to the deduction provided by this section if the assessed value of the individual's tangible property, as shown by the tax duplicate, exceeds one hundred ~~thirteen forty-three~~ thousand **one hundred sixty** dollars (~~\$113,000~~): (**\$143,160**).

(d) An individual who has sold real property, a mobile home not assessed as real property, or a manufactured home not assessed as real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property, mobile home, or manufactured home may not claim the deduction provided under this section against that real property, mobile home, or manufactured home.

SECTION 27. IC 6-1.1-12-17.4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2007 (RETROACTIVE)]: Sec. 17.4. (a) Except as provided in section 40.5 of this chapter, a World War I veteran who is a resident of Indiana is entitled to have the sum of eighteen thousand seven hundred twenty dollars (\$18,720) deducted from the assessed valuation of the real property (including a mobile home that is assessed as real property), mobile home that is not assessed as real property, or manufactured home that is not assessed as real property the veteran owns or is buying under a contract that requires the veteran to pay property taxes on the real property, if the contract or a memorandum of the contract is recorded in the county recorder's office, if:

- (1) the real property, mobile home, or manufactured home is the veteran's principal residence;
- (2) the assessed valuation of the real property, mobile home, or manufactured home does not exceed ~~one hundred sixty-three~~ **two hundred six** thousand **five hundred** dollars (~~\$163,000~~): (**\$206,500**); and
- (3) the veteran owns the real property, mobile home, or manufactured home for at least one (1) year before claiming the deduction.

(b) An individual may not be denied the deduction provided by this section because the individual is absent from the individual's principal residence while in a nursing home or hospital.

(c) For purposes of this section, if real property, a mobile home, or a manufactured home is owned by a husband and wife as tenants by the entirety, only one (1) deduction may be allowed under this section. However, the deduction provided in this section applies if either spouse satisfies the requirements prescribed in subsection (a).

(d) An individual who has sold real property, a mobile home not assessed as real property, or a manufactured home not assessed as real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property, mobile home, or manufactured home may not claim the deduction provided under this section with respect to that real property, mobile home, or manufactured home.

SECTION 28. IC 6-1.1-12.1-1, AS AMENDED BY

P.L.154-2006, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]:

Sec. 1. For purposes of this chapter:

(1) "Economic revitalization area" means an area which is within the corporate limits of a city, town, or county which has become undesirable for, or impossible of, normal development and occupancy because of a lack of development, cessation of growth, deterioration of improvements or character of occupancy, age, obsolescence, substandard buildings, or other factors which have impaired values or prevent a normal development of property or use of property. The term "economic revitalization area" also includes:

(A) any area where a facility or a group of facilities that are technologically, economically, or energy obsolete are located and where the obsolescence may lead to a decline in employment and tax revenues; and

(B) a residentially distressed area, except as otherwise provided in this chapter.

(2) "City" means any city in this state, and "town" means any town incorporated under IC 36-5-1.

(3) "New manufacturing equipment" means tangible personal property that a deduction applicant:

(A) installs after February 28, 1983, and on or before the approval deadline determined under section 9 of this chapter, in an area that is declared an economic revitalization area after February 28, 1983, in which a deduction for tangible personal property is allowed;

(B) uses in the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining, or finishing of other tangible personal property, including but not limited to use to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products;

(C) acquires **for use as described in clause (B):**

(i) in an arms length transaction from an entity that is not an affiliate of the deduction applicant, ~~for use as described in clause (B); and if the tangible personal property has been previously used in Indiana before the installation described in clause (A); or~~

(ii) in any manner, **if the tangible personal property has never been previously used in Indiana before the installation described in clause (A); and**

(D) **has** never used for any purpose in Indiana before the installation described in clause (A).

However, notwithstanding any other law, the term includes tangible personal property that is used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products and was installed after March 1, 1993, and before March 2, 1996, even if the property was installed before the area where the property is located was designated as an economic revitalization area or the statement of benefits for the property was approved by the designating body.

(4) "Property" means a building or structure, but does not include land.

(5) "Redevelopment" means the construction of new structures, in economic revitalization areas, either:

- (A) on unimproved real estate; or
- (B) on real estate upon which a prior existing structure is demolished to allow for a new construction.
- (6) "Rehabilitation" means the remodeling, repair, or betterment of property in any manner or any enlargement or extension of property.
- (7) "Designating body" means the following:
 - (A) For a county that does not contain a consolidated city, the fiscal body of the county, city, or town.
 - (B) For a county containing a consolidated city, the metropolitan development commission.
- (8) "Deduction application" means:
 - (A) the application filed in accordance with section 5 of this chapter by a property owner who desires to obtain the deduction provided by section 3 of this chapter;
 - (B) the application filed in accordance with section 5.4 of this chapter by a person who desires to obtain the deduction provided by section 4.5 of this chapter; or
 - (C) the application filed in accordance with section 5.3 of this chapter by a property owner that desires to obtain the deduction provided by section 4.8 of this chapter.
- (9) "Designation application" means an application that is filed with a designating body to assist that body in making a determination about whether a particular area should be designated as an economic revitalization area.
- (10) "Hazardous waste" has the meaning set forth in IC 13-11-2-99(a). The term includes waste determined to be a hazardous waste under IC 13-22-2-3(b).
- (11) "Solid waste" has the meaning set forth in IC 13-11-2-205(a). However, the term does not include dead animals or any animal solid or semisolid wastes.
- (12) "New research and development equipment" means tangible personal property that:
 - (A) a deduction applicant installs after June 30, 2000, and on or before the approval deadline determined under section 9 of this chapter, in an economic revitalization area in which a deduction for tangible personal property is allowed;
 - (B) consists of:
 - (i) laboratory equipment;
 - (ii) research and development equipment;
 - (iii) computers and computer software;
 - (iv) telecommunications equipment; or
 - (v) testing equipment;
 - (C) the deduction applicant uses in research and development activities devoted directly and exclusively to experimental or laboratory research and development for new products, new uses of existing products, or improving or testing existing products;
 - (D) the deduction applicant acquires **for purposes described in this subdivision:**
 - (i) in an arms length transaction from an entity that is not an affiliate of the deduction applicant, ~~for purposes described in this subdivision;~~ **and if the tangible personal property has been previously used in Indiana before the installation described in clause (A); or**
 - (ii) in any manner, if the tangible personal property

has never been previously used in Indiana before the installation described in clause (A); and

- (E) the deduction applicant **has** never used for any purpose in Indiana before the installation described in clause (A). The term does not include equipment installed in facilities used for or in connection with efficiency surveys, management studies, consumer surveys, economic surveys, advertising or promotion, or research in connection with literacy, history, or similar projects.
- (13) "New logistical distribution equipment" means tangible personal property that:
 - (A) a deduction applicant installs after June 30, 2004, and on or before the approval deadline determined under section 9 of this chapter, in an economic revitalization area in which a deduction for tangible personal property is allowed;
 - (B) consists of:
 - (i) racking equipment;
 - (ii) scanning or coding equipment;
 - (iii) separators;
 - (iv) conveyors;
 - (v) fork lifts or lifting equipment (including "walk behinds");
 - (vi) transitional moving equipment;
 - (vii) packaging equipment;
 - (viii) sorting and picking equipment; or
 - (ix) software for technology used in logistical distribution;
 - (C) the deduction applicant acquires **for the storage or distribution of goods, services, or information:**
 - (i) in an arms length transaction from an entity that is not an affiliate of the deduction applicant, ~~and uses for the storage or distribution of goods, services, or information;~~ **and if the tangible personal property has been previously used in Indiana before the installation described in clause (A); and**
 - (ii) in any manner, if the tangible personal property **has never been previously used in Indiana before the installation described in clause (A); and**
 - (D) the deduction applicant **has** never used for any purpose in Indiana before the installation described in clause (A).
- (14) "New information technology equipment" means tangible personal property that:
 - (A) a deduction applicant installs after June 30, 2004, and on or before the approval deadline determined under section 9 of this chapter, in an economic revitalization area in which a deduction for tangible personal property is allowed;
 - (B) consists of equipment, including software, used in the fields of:
 - (i) information processing;
 - (ii) office automation;
 - (iii) telecommunication facilities and networks;
 - (iv) informatics;
 - (v) network administration;
 - (vi) software development; and
 - (vii) fiber optics;
 - (C) the deduction applicant acquires in an arms length

transaction from an entity that is not an affiliate of the deduction applicant; and

(D) the deduction applicant never used for any purpose in Indiana before the installation described in clause (A).

(15) "Deduction applicant" means an owner of tangible personal property who makes a deduction application.

(16) "Affiliate" means an entity that effectively controls or is controlled by a deduction applicant or is associated with a deduction applicant under common ownership or control, whether by shareholdings or other means.

(17) "Eligible vacant building" means a building that:

(A) is zoned for commercial or industrial purposes; and

(B) is unoccupied for at least one (1) year before the owner of the building or a tenant of the owner occupies the building, as evidenced by a valid certificate of occupancy, paid utility receipts, executed lease agreements, or any other evidence of occupation that the department of local government finance requires.

SECTION 29. IC 6-1.1-12.1-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) Except as provided in section 2(i)(4) of this chapter, **and subject to section 15 of this chapter**, the amount of the deduction which the property owner is entitled to receive under section 3 of this chapter for a particular year equals the product of:

(1) the increase in the assessed value resulting from the rehabilitation or redevelopment; multiplied by

(2) the percentage prescribed in the table set forth in subsection (d).

(b) The amount of the deduction determined under subsection (a) shall be adjusted in accordance with this subsection in the following circumstances:

(1) If a general reassessment of real property occurs within the particular period of the deduction, the amount determined under subsection (a)(1) shall be adjusted to reflect the percentage increase or decrease in assessed valuation that resulted from the general reassessment.

(2) If an appeal of an assessment is approved that results in a reduction of the assessed value of the redeveloped or rehabilitated property, the amount of any deduction shall be adjusted to reflect the percentage decrease that resulted from the appeal.

The department of local government finance shall adopt rules under IC 4-22-2 to implement this subsection.

(c) Property owners who had an area designated an urban development area pursuant to an application filed prior to January 1, 1979, are only entitled to the deduction for the first through the fifth years as provided in subsection (d)(10). In addition, property owners who are entitled to a deduction under this chapter pursuant to an application filed after December 31, 1978, and before January 1, 1986, are entitled to a deduction for the first through the tenth years, as provided in subsection (d)(10).

(d) The percentage to be used in calculating the deduction under subsection (a) is as follows:

(1) For deductions allowed over a one (1) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%

(2) For deductions allowed over a two (2) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	50%

(3) For deductions allowed over a three (3) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	66%
3rd	33%

(4) For deductions allowed over a four (4) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	75%
3rd	50%
4th	25%

(5) For deductions allowed over a five (5) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	80%
3rd	60%
4th	40%
5th	20%

(6) For deductions allowed over a six (6) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	85%
3rd	66%
4th	50%
5th	34%
6th	17%

(7) For deductions allowed over a seven (7) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	85%
3rd	71%
4th	57%
5th	43%
6th	29%
7th	14%

(8) For deductions allowed over an eight (8) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	88%
3rd	75%
4th	63%
5th	50%
6th	38%
7th	25%
8th	13%

(9) For deductions allowed over a nine (9) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	88%
3rd	77%
4th	66%
5th	55%
6th	44%
7th	33%

8th	22%
9th	11%
(10) For deductions allowed over a ten (10) year period:	
YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	95%
3rd	80%
4th	65%
5th	50%
6th	40%
7th	30%
8th	20%
9th	10%
10th	5%

SECTION 30. IC 6-1.1-12.1-4.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4.1. (a) Section 4 of this chapter applies to economic revitalization areas that are not residentially distressed areas.

(b) This subsection applies to economic revitalization areas that are residentially distressed areas. **Subject to section 15 of this chapter**, the amount of the deduction that a property owner is entitled to receive under section 3 of this chapter for a particular year equals the lesser of:

- (1) the assessed value of the improvement to the property after the rehabilitation or redevelopment has occurred; or
- (2) the following amount:

TYPE OF DWELLING	AMOUNT
One (1) family dwelling	\$74,880
Two (2) family dwelling	\$106,080
Three (3) unit multifamily dwelling	\$156,000
Four (4) unit multifamily dwelling	\$199,680

SECTION 31. IC 6-1.1-12.1-4.5, AS AMENDED BY P.L.154-2006, SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4.5. (a) For purposes of this section, "personal property" means personal property other than inventory (as defined in IC 6-1.1-3-11(a)).

(b) An applicant must provide a statement of benefits to the designating body. The applicant must provide the completed statement of benefits form to the designating body before the hearing specified in section 2.5(c) of this chapter or before the installation of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment for which the person desires to claim a deduction under this chapter. The department of local government finance shall prescribe a form for the statement of benefits. The statement of benefits must include the following information:

- (1) A description of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment that the person proposes to acquire.
- (2) With respect to:
 - (A) new manufacturing equipment not used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products; and
 - (B) new research and development equipment, new

logistical distribution equipment, or new information technology equipment;

an estimate of the number of individuals who will be employed or whose employment will be retained by the person as a result of the installation of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment and an estimate of the annual salaries of these individuals.

(3) An estimate of the cost of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment.

(4) With respect to new manufacturing equipment used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products, an estimate of the amount of solid waste or hazardous waste that will be converted into energy or other useful products by the new manufacturing equipment.

The statement of benefits may be incorporated in a designation application. Notwithstanding any other law, a statement of benefits is a public record that may be inspected and copied under IC 5-14-3-3.

(c) The designating body must review the statement of benefits required under subsection (b). The designating body shall determine whether an area should be designated an economic revitalization area or whether the deduction shall be allowed, based on (and after it has made) the following findings:

(1) Whether the estimate of the cost of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment is reasonable for equipment of that type.

(2) With respect to:

(A) new manufacturing equipment not used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products; and

(B) new research and development equipment, new logistical distribution equipment, or new information technology equipment;

whether the estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the installation of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment.

(3) Whether the estimate of the annual salaries of those individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed installation of new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment.

(4) With respect to new manufacturing equipment used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful

products, whether the estimate of the amount of solid waste or hazardous waste that will be converted into energy or other useful products can be reasonably expected to result from the installation of the new manufacturing equipment.

(5) Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed installation of new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment.

(6) Whether the totality of benefits is sufficient to justify the deduction.

The designating body may not designate an area an economic revitalization area or approve the deduction unless it makes the findings required by this subsection in the affirmative.

(d) Except as provided in subsection (h), and subject to subsection (i) **and section 15 of this chapter**, an owner of new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment whose statement of benefits is approved after June 30, 2000, is entitled to a deduction from the assessed value of that equipment for the number of years determined by the designating body under subsection (g). Except as provided in subsection (f) and in section 2(i)(3) of this chapter, and subject to subsection (i) **and section 15 of this chapter**, the amount of the deduction that an owner is entitled to for a particular year equals the product of:

(1) the assessed value of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment in the year of deduction under the appropriate table set forth in subsection (e); multiplied by

(2) the percentage prescribed in the appropriate table set forth in subsection (e).

(e) The percentage to be used in calculating the deduction under subsection (d) is as follows:

(1) For deductions allowed over a one (1) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd and thereafter	0%

(2) For deductions allowed over a two (2) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	50%
3rd and thereafter	0%

(3) For deductions allowed over a three (3) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	66%
3rd	33%
4th and thereafter	0%

(4) For deductions allowed over a four (4) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	75%
3rd	50%
4th	25%

5th and thereafter	0%
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(5) For deductions allowed over a five (5) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	80%
3rd	60%
4th	40%
5th	20%
6th and thereafter	0%

(6) For deductions allowed over a six (6) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	85%
3rd	66%
4th	50%
5th	34%
6th	25%
7th and thereafter	0%

(7) For deductions allowed over a seven (7) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	85%
3rd	71%
4th	57%
5th	43%
6th	29%
7th	14%
8th and thereafter	0%

(8) For deductions allowed over an eight (8) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	88%
3rd	75%
4th	63%
5th	50%
6th	38%
7th	25%
8th	13%
9th and thereafter	0%

(9) For deductions allowed over a nine (9) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	88%
3rd	77%
4th	66%
5th	55%
6th	44%
7th	33%
8th	22%
9th	11%
10th and thereafter	0%

(10) For deductions allowed over a ten (10) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	90%
3rd	80%
4th	70%

5th	60%
6th	50%
7th	40%
8th	30%
9th	20%
10th	10%
11th and thereafter	0%

(f) With respect to new manufacturing equipment and new research and development equipment installed before March 2, 2001, the deduction under this section is the amount that causes the net assessed value of the property after the application of the deduction under this section to equal the net assessed value after the application of the deduction under this section that results from computing:

- (1) the deduction under this section as in effect on March 1, 2001; and
- (2) the assessed value of the property under 50 IAC 4.2, as in effect on March 1, 2001, or, in the case of property subject to IC 6-1.1-8, 50 IAC 5.1, as in effect on March 1, 2001.

(g) For an economic revitalization area designated before July 1, 2000, the designating body shall determine whether a property owner whose statement of benefits is approved after April 30, 1991, is entitled to a deduction for five (5) or ten (10) years. For an economic revitalization area designated after June 30, 2000, the designating body shall determine the number of years the deduction is allowed. However, the deduction may not be allowed for more than ten (10) years. This determination shall be made:

- (1) as part of the resolution adopted under section 2.5 of this chapter; or
- (2) by resolution adopted within sixty (60) days after receiving a copy of a property owner's certified deduction application from the county auditor. A certified copy of the resolution shall be sent to the county auditor.

A determination about the number of years the deduction is allowed that is made under subdivision (1) is final and may not be changed by following the procedure under subdivision (2).

(h) The owner of new manufacturing equipment that is directly used to dispose of hazardous waste is not entitled to the deduction provided by this section for a particular assessment year if during that assessment year the owner:

- (1) is convicted of a violation under IC 13-7-13-3 (repealed), IC 13-7-13-4 (repealed), or IC 13-30-6; or
- (2) is subject to an order or a consent decree with respect to property located in Indiana based on a violation of a federal or state rule, regulation, or statute governing the treatment, storage, or disposal of hazardous wastes that had a major or moderate potential for harm.

(i) For purposes of subsection (d), the assessed value of new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment that is part of an owner's assessable depreciable personal property in a single taxing district subject to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 is the product of:

- (1) the assessed value of the equipment determined without regard to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9; multiplied by

(2) the quotient of:

(A) the amount of the valuation limitation determined under 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 for all of the owner's depreciable personal property in the taxing district; divided by

(B) the total true tax value of all of the owner's depreciable personal property in the taxing district that is subject to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 determined:

- (i) under the depreciation schedules in the rules of the department of local government finance before any adjustment for abnormal obsolescence; and
- (ii) without regard to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9.

SECTION 32. IC 6-1.1-12.1-4.8, AS ADDED BY P.L.154-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4.8. (a) A property owner that is an applicant for a deduction under this section must provide a statement of benefits to the designating body.

(b) If the designating body requires information from the property owner for the designating body's use in deciding whether to designate an economic revitalization area, the property owner must provide the completed statement of benefits form to the designating body before the hearing required by section 2.5(c) of this chapter. Otherwise, the property owner must submit the completed statement of benefits form to the designating body before the occupation of the eligible vacant building for which the property owner desires to claim a deduction.

(c) The department of local government finance shall prescribe a form for the statement of benefits. The statement of benefits must include the following information:

- (1) A description of the eligible vacant building that the property owner or a tenant of the property owner will occupy.
- (2) An estimate of the number of individuals who will be employed or whose employment will be retained by the property owner or the tenant as a result of the occupation of the eligible vacant building, and an estimate of the annual salaries of those individuals.
- (3) Information regarding efforts by the owner or a previous owner to sell, lease, or rent the eligible vacant building during the period the eligible vacant building was unoccupied.
- (4) Information regarding the amount for which the eligible vacant building was offered for sale, lease, or rent by the owner or a previous owner during the period the eligible vacant building was unoccupied.

(d) With the approval of the designating body, the statement of benefits may be incorporated in a designation application. A statement of benefits is a public record that may be inspected and copied under IC 5-14-3.

(e) The designating body must review the statement of benefits required by subsection (a). The designating body shall determine whether an area should be designated an economic revitalization area or whether a deduction should be allowed, after the designating body has made the following findings:

- (1) Whether the estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed

occupation of the eligible vacant building.

(2) Whether the estimate of the annual salaries of those individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed occupation of the eligible vacant building.

(3) Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed occupation of the eligible vacant building.

(4) Whether the occupation of the eligible vacant building will increase the tax base and assist in the rehabilitation of the economic revitalization area.

(5) Whether the totality of benefits is sufficient to justify the deduction.

A designating body may not designate an area an economic revitalization area or approve a deduction under this section unless the findings required by this subsection are made in the affirmative.

(f) Except as otherwise provided in this section, the owner of an eligible vacant building located in an economic revitalization area is entitled to a deduction from the assessed value of the building if the property owner or a tenant of the property owner occupies the eligible vacant building and uses it for commercial or industrial purposes. The property owner is entitled to the deduction:

(1) for the first year in which the property owner or a tenant of the property owner occupies the eligible vacant building and uses it for commercial or industrial purposes; and

(2) for subsequent years determined under subsection (g).

(g) The designating body shall determine the number of years for which a property owner is entitled to a deduction under this section. However, **subject to section 15 of this chapter**, the deduction may not be allowed for more than two (2) years. This determination shall be made:

(1) as part of the resolution adopted under section 2.5 of this chapter; or

(2) by a resolution adopted not more than sixty (60) days after the designating body receives a copy of the property owner's deduction application from the county auditor.

A certified copy of a resolution under subdivision (2) shall be sent to the county auditor, who shall make the deduction as provided in section 5.3 of this chapter. A determination concerning the number of years the deduction is allowed that is made under subdivision (1) is final and may not be changed by using the procedure under subdivision (2).

(h) Except as provided in section 2(i)(5) of this chapter and subsection (k), **and subject to section 15 of this chapter**, the amount of the deduction the property owner is entitled to receive under this section for a particular year equals the product of:

(1) the assessed value of the building or part of the building that is occupied by the property owner or a tenant of the property owner; multiplied by

(2) the percentage set forth in the table in subsection (i).

(i) The percentage to be used in calculating the deduction under subsection (h) is as follows:

(1) For deductions allowed over a one (1) year period:	
YEAR OF DEDUCTION	PERCENTAGE
1st	100%

(2) For deductions allowed over a two (2) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	50%

(j) The amount of the deduction determined under subsection (h) shall be adjusted in accordance with this subsection in the following circumstances:

(1) If a general reassessment of real property occurs within the period of the deduction, the amount of the assessed value determined under subsection (h)(1) shall be adjusted to reflect the percentage increase or decrease in assessed valuation that resulted from the general reassessment.

(2) If an appeal of an assessment is approved and results in a reduction of the assessed value of the property, the amount of a deduction under this section shall be adjusted to reflect the percentage decrease that resulted from the appeal.

(k) The maximum amount of a deduction under this section may not exceed the lesser of:

(1) the annual amount for which the eligible vacant building was offered for lease or rent by the owner or a previous owner during the period the eligible vacant building was unoccupied; or

(2) an amount, as determined by the designating body in its discretion, that is equal to the annual amount for which similar buildings in the county or contiguous counties were leased or rented or offered for lease or rent during the period the eligible vacant building was unoccupied.

(l) The department of local government finance may adopt rules under IC 4-22-2 to implement this section.

SECTION 33. IC 6-1.1-12.1-15 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 15. (a) If:**

(1) as the result of an error by a taxpayer the county auditor applies a deduction under this chapter for a particular assessment date in an amount that is less than the amount to which the taxpayer is entitled under this chapter; and

(2) the taxpayer is entitled to a correction of the error under this article;

the county auditor shall apply the correction of the error as provided in this section.

(b) With respect to a deduction based on an increase in the assessed value of real property, the county auditor shall apply a deduction from the assessed value of the real property:

(1) except as provided in subsection (d), for the assessment date that next succeeds the last assessment date for which a deduction under this chapter would apply without regard to this section based on that increase; and

(2) except as provided in subsection (c), in the amount of the lesser of:

(A) the remainder of:

(i) the amount of the deduction to which the taxpayer is entitled under this chapter for the particular assessment date under subsection (a); minus

(ii) the amount of the deduction that was applied for that assessment date; or

(B) the assessed value of the real property for the assessment date for which the correction applies.

(c) If the county auditor applies an incorrect deduction as described in subsection (a) for more than one (1) assessment date, the county auditor shall:

- (1) combine the amounts of deduction corrections determined under subsection (b)(2)(A) for all of the assessment dates for which incorrect deductions were applied; and
- (2) except as provided in subsection (d), apply that combined amount as a deduction for the assessment date referred to in subsection (b)(1) in the manner described in subsection (b)(2).

(d) If:

- (1) the remainder determined under subsection (b)(2)(A); or
- (2) the combined amount of deduction corrections under subsection (c)(1);

exceeds the assessed value referred to in subsection (b)(2)(B), the county auditor shall carry the excess over as assessed value deductions for the immediately succeeding assessment date or dates.

(e) With respect to a deduction based on an increase in the assessed value of personal property, the county auditor shall apply deduction corrections in the manner provided in subsections (a) through (d), except that the assessed value and deduction determinations apply to the taxpayer's personal property return.

(f) A taxpayer is not required to file an application for a deduction under this section.

SECTION 34. IC 6-1.1-12.4-2, AS ADDED BY P.L.193-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) For purposes of this section, an increase in the assessed value of real property is determined in the same manner that an increase in the assessed value of real property is determined for purposes of IC 6-1.1-12.1.

(b) This subsection applies only to a development, redevelopment, or rehabilitation that is first assessed after March 1, 2005, and before March 2, 2009. Except as provided in subsection (h) and sections 4, 5, and 8 of this chapter, an owner of real property that:

- (1) develops, redevelops, or rehabilitates the real property; and
- (2) creates or retains employment from the development, redevelopment, or rehabilitation;

is entitled to a deduction from the assessed value of the real property.

(c) **Subject to section 14 of this chapter**, the deduction under this section is first available in the year in which the increase in assessed value resulting from the development, redevelopment, or rehabilitation occurs and continues for the following two (2) years. The amount of the deduction that a property owner may receive with respect to real property located in a county for a particular year equals the lesser of:

- (1) two million dollars (\$2,000,000); or
- (2) the product of:
 - (A) the increase in assessed value resulting from the development, rehabilitation, or redevelopment; multiplied by
 - (B) the percentage from the following table:

YEAR OF DEDUCTION	PERCENTAGE
1st	75%
2nd	50%
3rd	25%

(d) A property owner that qualifies for the deduction under this section must file a notice to claim the deduction in the manner prescribed by the department of local government finance under rules adopted by the department of local government finance under IC 4-22-2 to implement this chapter. The township assessor shall:

- (1) inform the county auditor of the real property eligible for the deduction as contained in the notice filed by the taxpayer under this subsection; and
- (2) inform the county auditor of the deduction amount.

(e) The county auditor shall:

- (1) make the deductions; and
- (2) notify the county property tax assessment board of appeals of all deductions approved;

under this section.

(f) The amount of the deduction determined under subsection (c)(2) is adjusted to reflect the percentage increase or decrease in assessed valuation that results from:

- (1) a general reassessment of real property under IC 6-1.1-4-4; or
- (2) an annual adjustment under IC 6-1.1-4-4.5.

(g) If an appeal of an assessment is approved that results in a reduction of the assessed value of the real property, the amount of the deduction under this section is adjusted to reflect the percentage decrease that results from the appeal.

(h) The deduction under this section does not apply to a facility listed in IC 6-1.1-12.1-3(e).

SECTION 35. IC 6-1.1-12.4-3, AS AMENDED BY P.L.154-2006, SECTION 37, AND AS AMENDED BY P.L.169-2006, SECTION 7, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3.

(a) For purposes of this section, an increase in the assessed value of personal property is determined in the same manner that an increase in the assessed value of new manufacturing equipment is determined for purposes of IC 6-1.1-12.1.

(b) This subsection applies only to personal property that the owner purchases after March 1, 2005, and before March 2, 2009. Except as provided in sections 4, 5, and 8 of this chapter, an owner that purchases personal property other than inventory (as defined in 50 IAC 4.2-5-1, as in effect on January 1, 2005) that:

- (1) was never before used by its owner for any purpose in Indiana; and
- (2) creates or retains employment;

is entitled to a deduction from the assessed value of the personal property.

(c) **Subject to section 14 of this chapter**, the deduction under this section is first available in the year in which the increase in assessed value resulting from the purchase of the personal property occurs and continues for the following two (2) years. The amount of the deduction that a property owner may receive with respect to personal property located in a county for a particular year equals the lesser of:

- (1) two million dollars (\$2,000,000); or
- (2) the product of:

(A) the increase in assessed value resulting from the purchase of the personal property; multiplied by

(B) the percentage from the following table:

YEAR OF DEDUCTION	PERCENTAGE
1st	75%
2nd	50%
3rd	25%

(d) If an appeal of an assessment is approved that results in a reduction of the assessed value of the personal property, the amount of the deduction is adjusted to reflect the percentage decrease that results from the appeal.

(e) A property owner must claim the deduction under this section on the owner's annual personal property tax return. The township assessor shall:

- (1) identify the personal property eligible for the deduction to the county auditor; and
- (2) inform the county auditor of the deduction amount.

(f) The county auditor shall:

- (1) make the deductions; and
- (2) notify the county property tax assessment board of appeals of all deductions approved;

under this section.

(g) The deduction under this section does not apply to *personal property* at a facility listed in IC 6-1.1-12.1-3(e).

SECTION 36. IC 6-1.1-12.4-14 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 14. If:**

- (1) **as the result of an error the county auditor applies a deduction under this chapter for a particular assessment date in an amount that is less than the amount to which the taxpayer is entitled under this chapter; and**
- (2) **the taxpayer is entitled to a correction of the error under this article;**

the county auditor shall apply the correction of the error in the manner that corrections are applied under IC 6-1.1-12.1-15.

SECTION 37. IC 6-1.1-15-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 0.5. As used in this chapter, "county board" means the county property tax assessment board of appeals.**

SECTION 38. IC 6-1.1-15-1, AS AMENDED BY P.L.162-2006, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 1. (a)** A taxpayer may obtain a review by the county property tax assessment board of appeals of a county or township official's action with respect to the assessment of the taxpayer's tangible property if the official's action requires the giving of notice to the taxpayer. At the time that notice is given to the taxpayer, the taxpayer shall also be informed in writing of:

- (1) the opportunity for a review under this section, including an informal preliminary conference a meeting under subsection (h) with the county or township official referred to in this subsection; and
- (2) the procedures the taxpayer must follow in order to obtain a review under this section.

(b) In order to appeal obtain a review of an assessment effective for the assessment date that applies to property taxes first

due and payable in the current calendar year to which the notice referred to in subsection (a) applies,

(1) the taxpayer must request file a notice in writing a preliminary conference with the county or township official referred to in subsection (a) not later than forty-five (45) days after the date of the notice of a change in the assessment for the current calendar year is given to the taxpayer; or (2) if the current referred to in subsection (a).

(c) A taxpayer may obtain a review by the county board of the assessment of the taxpayer's tangible property effective for an assessment date for which a notice of assessment is not given as described in subsection (a). To obtain the review, the taxpayer must file a notice in writing with the township assessor of the township in which the property is subject to assessment. The right of a taxpayer to obtain a review under this subsection for an assessment date for which a notice of assessment is not given does not relieve an assessing official of the duty to provide the taxpayer with the notice of assessment as otherwise required by this article. For an assessment date in a year is (A) before 2010 and a notice of a change in assessment is not given to the taxpayer; 2009, the taxpayer notice must request in writing a preliminary conference with the county or township official referred to in subsection (a) be filed on or before May 10 of the year in which the assessment date occurs; and (B) If the current calendar For an assessment date in a year is a calendar year after 2009; 2008, the notice must be filed not later than the later of:

(1) May 10 of the year; or

(2) forty-five (45) days after notice of the date of the statement mailed by the county auditor under IC 6-1.1-17-3. The preliminary conference required under this subsection is a prerequisite to a review by the county property tax assessment board of appeals under subsection (i). IC 6-1.1-17-3(b).

(d) A change in an assessment made as a result of an appeal a notice for review filed (1) in the same year that notice of a change in the assessment is given to the taxpayer; and (2) by a taxpayer under subsection (c) after the time prescribed in subsection (b); (c) becomes effective for the next assessment date. A change in an assessment made as a result of a notice for review filed by a taxpayer under subsection (b) or (c) remains in effect from the assessment date for which the change is made until the next assessment date for which the assessment is changed under this article.

(e) A taxpayer may appeal a current real property assessment in a year even if the taxpayer has not received a notice of assessment in the year. If an appeal is filed on or before May 10 of a year in which the taxpayer has not received notice of assessment, a change in the assessment resulting from the appeal is effective for the most recent assessment date. If the appeal is filed after May 10, the change becomes effective for the next assessment date.

(e) The written request for a preliminary conference that is required notice filed by a taxpayer under subsection (b) or (c) must include the following information:

- (1) The name of the taxpayer.
- (2) The address and parcel or key number of the property.
- (3) The address and telephone number of the taxpayer.

(f) The county or township official referred to in subsection (a) shall, not later than thirty (30) days after the receipt of a written

request for a preliminary conference; attempt to hold a preliminary conference with the taxpayer to resolve as many issues as possible by:

- (1) discussing the specifics of the taxpayer's reassessment;
- (2) reviewing the taxpayer's property record card;
- (3) explaining to the taxpayer how the reassessment was determined;
- (4) providing to the taxpayer information about the statutes, rules, and guidelines that govern the determination of the reassessment;
- (5) noting and considering objections of the taxpayer;
- (6) considering all errors alleged by the taxpayer; and
- (7) otherwise educating the taxpayer about:
 - (A) the taxpayer's reassessment;
 - (B) the reassessment process; and
 - (C) the reassessment appeal process.

Not later than ten (10) days after the conference, the county or township official referred to in subsection (a) shall forward to the county auditor and the county property tax assessment board of appeals the results of the conference on a form prescribed by the department of local government finance that must be completed and signed by the taxpayer and the official. The official and the taxpayer shall each retain a copy of the form for their records.

(g) The form submitted to the county property tax assessment board of appeals under subsection (f) must specify the following:

- (1) The physical characteristics of the property in issue that bear on the assessment determination.
- (2) All other facts relevant to the assessment determination.
- (3) A list of the reasons the taxpayer believes that the assessment determination by the county or township official referred to in subsection (a) is incorrect.
- (4) An indication of the agreement or disagreement by the official with each item listed under subdivision (3).
- (5) The reasons the official believes that the assessment determination is correct.

(h) If after the conference there are no items listed on the form submitted to the county property tax assessment board of appeals under subsection (f) on which there is disagreement:

- (1) the county or township official referred to in subsection (a) shall give notice to the taxpayer; the county property tax assessment board of appeals; and the county assessor of the assessment in the amount agreed to by the taxpayer and the official; and
- (2) the county property tax assessment board of appeals may reserve the right to change the assessment under IC 6-1.1-13.

(i) If after the conference there are items listed in the form submitted under subsection (f) on which there is disagreement, the county property tax assessment board of appeals shall hold a hearing. The taxpayer and county or township official whose original determination is under review are parties to the proceeding before the board of appeals. Except as provided in subsections (k) and (l), the hearing must be held not later than ninety (90) days after the official's receipt of the taxpayer's written request for a preliminary conference under subsection (b). The taxpayer may present the taxpayer's reasons for disagreement with the assessment. The county or township official referred to in subsection (a) must present the basis for the assessment decision on these items to the

board of appeals at the hearing and the reasons the taxpayer's appeal should be denied on those items. The board of appeals shall have a written record of the hearing and prepare a written statement of findings and a decision on each item not later than sixty (60) days after the hearing; except as provided in subsections (k) and (l).

(j) If the township assessor does not attempt to hold a preliminary conference, the taxpayer may file a request in writing with the county assessor for a hearing before the property tax assessment board of appeals. If the board determines that the county or township official referred to in subsection (a) did not attempt to hold a preliminary conference, the board shall hold a hearing. The taxpayer and the county or township official whose original determination is under review are parties to the proceeding before the board of appeals. The hearing must be held not later than ninety (90) days after the receipt by the board of appeals of the taxpayer's hearing request under this subsection. The requirements of subsection (i) with respect to:

- (1) participation in the hearing by the taxpayer and the township assessor or county assessor; and
 - (2) the procedures to be followed by the county board;
- apply to a hearing held under this subsection:

(k) This subsection applies to a county having a population of more than three hundred thousand (300,000). In the case of a petition filed after December 31, 2000, the county property tax assessment board of appeals shall:

- (1) hold its hearing not later than one hundred eighty (180) days instead of ninety (90) days after the filing of the petition; and
- (2) have a written record of the hearing and prepare a written statement of findings and a decision on each item not later than one hundred twenty (120) days after the hearing.

(l) This subsection applies to a county having a population of three hundred thousand (300,000) or less. With respect to an appeal of a real property assessment that takes effect on the assessment date on which a general reassessment of real property takes effect under IC 6-1.1-4-4, the county property tax assessment board of appeals shall:

- (1) hold its hearing not later than one hundred eighty (180) days instead of ninety (90) days after the filing of the petition; and
- (2) have a written record of the hearing and prepare a written statement of findings and a decision on each item not later than one hundred twenty (120) days after the hearing.

(f) A county or township official who receives a notice for review filed by a taxpayer under subsection (b) or (c) shall immediately forward the notice to the county board.

(g) The county board shall hold a hearing on a review under this subsection not later than one hundred eighty (180) days after the date of the notice for review filed by the taxpayer under subsection (b) or (c). The county board shall, by mail, give notice of the date, time, and place fixed for the hearing to the taxpayer and the county or township official with whom the taxpayer filed the notice for review. The taxpayer and the county or township official with whom the taxpayer filed the notice for review are parties to the proceeding before the county board.

(h) Before the county board holds the hearing required under subsection (g), the taxpayer may request a meeting by

filing a written request with the county or township official with whom the taxpayer filed the notice for review to:

- (1) attempt to resolve as many issues under review as possible; and
- (2) seek a joint recommendation for settlement of some or all of the issues under review.

A county or township official who receives a meeting request under this subsection before the county board hearing shall meet with the taxpayer. The taxpayer and the county or township official shall present a joint recommendation reached under this subsection to the county board at the hearing required under subsection (g). The county board may adopt or reject the recommendation in whole or in part.

(i) At the hearing required under subsection (g):

- (1) the taxpayer may present the taxpayer's reasons for disagreement with the assessment; and
- (2) the county or township official with whom the taxpayer filed the notice for review must present:
 - (A) the basis for the assessment decision; and
 - (B) the reasons the taxpayer's contentions should be denied.

(m) (j) The county property tax assessment board of appeals:

- (1) may not require a taxpayer to file documentary evidence or summaries of statements of testimonial evidence before the hearing required under subsection (i); or (j); and
- (2) may amend the form submitted under subsection (f) if the board determines that the amendment is warranted. (g).

(n) Upon receiving a request for a preliminary conference under subsection (b), the county or township official referred to in subsection (a) shall notify the county auditor in writing that the assessment is under appeal. With respect to an appeal of the assessment of real property or personal property filed after June 30, 2005, the notice must include the appellant's name and address; the assessed value of the appealed items for the assessment date immediately preceding the assessment date for which the appeal was filed; and the assessed value of the appealed items on the most recent assessment date. If the county auditor determines that the assessed value of the appealed items constitutes at least one percent (1%) of the total gross certified assessed value of a particular taxing unit for the assessment date immediately preceding the assessment date for which the appeal was filed, the county auditor shall send a copy of the notice to the affected taxing unit. Failure of the county auditor to send a copy of the notice to the affected taxing unit does not affect the validity of the appeal or delay the appeal.

(k) Regardless of whether the county board adopts a recommendation under subsection (h), the county board shall prepare a written decision resolving all of the issues under review. The county board shall, by mail, give notice of its determination not later than one hundred twenty (120) days after the hearing under subsection (g) to the taxpayer, the county assessor, and the township assessor.

(l) If the maximum time elapses:

- (1) under subsection (g) for the county board to hold a hearing; or
- (2) under subsection (k) for the county board to give notice of its determination;

the taxpayer may initiate a proceeding for review before the Indiana board by taking the action required by section 3 of this

chapter at any time after the maximum time elapses.

SECTION 39. IC 6-1.1-15-3, AS AMENDED BY P.L.199-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) A taxpayer may obtain a review by the Indiana board of a county property tax assessment board of appeals board's action with respect to the following:

(1) The assessment of that taxpayer's tangible property if the county property tax assessment board of appeals' board's action requires the giving of notice to the taxpayer. A township assessor;

(2) The exemption of that taxpayer's tangible property if the taxpayer receives a notice of an exemption determination by the county board under IC 6-1.1-11-7.

(b) The county assessor member of a county property tax assessment board of appeals; or county property tax assessment board of appeals that made the original determination under appeal under this section is a the party to the review under this section to defend the determination of the county board. At the time that the notice of that determination is given to the taxpayer, the taxpayer shall also be informed in writing of:

- (1) the taxpayer's opportunity for review under this section; and
- (2) the procedures the taxpayer must follow in order to obtain review under this section.

(b) (c) A township assessor or county assessor who dissents from the determination of an assessment or an exemption by the county board may obtain a review of the assessment or the exemption by the Indiana board. of any assessment which the township assessor or the county assessor has made; upon which the township assessor or the county assessor has passed; or which has been made over the township assessor's or the county assessor's protest.

(c) (d) In order to obtain a review by the Indiana board under this section, the party must, file a petition for review with the appropriate county assessor not later than thirty (30) forty-five (45) days after the date of the notice given to the party or parties of the determination of the county property tax assessment board: of appeals action is given to the taxpayer:

- (1) file a petition for review with the Indiana board; and
- (2) mail a copy of the petition to the other party.

(d) (e) The Indiana board shall prescribe the form of the petition for review of an assessment determination or an exemption by the county property tax assessment board. of appeals. The Indiana board shall issue instructions for completion of the form. The form and the instructions must be clear, simple, and understandable to the average individual. An appeal A petition for review of such a determination must be made on the form prescribed by the Indiana board. The form must require the petitioner to specify the following:

- (1) If the county or township official held a preliminary conference under section 1(f) of this chapter, the items listed in section 1(g)(1) and 1(g)(2) of this chapter.
- (2) The reasons why the petitioner believes that the assessment determination or the exemption determination by the county property tax assessment board of appeals is erroneous.

(e) The county assessor shall transmit the petition for review to

the Indiana board not later than ten (10) days after it is filed.

(f) If a township assessor or a member of the county property tax assessment board of appeals files a petition for review under this section concerning the assessment of a taxpayer's property, the county assessor must send a copy of the petition to the taxpayer. The county assessor shall transmit the petition for review to the Indiana board not later than ten (10) days after the petition is filed.

SECTION 40. IC 6-1.1-15-4, AS AMENDED BY P.L.154-2006, SECTION 39, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) After receiving a petition for review which is filed under section 3 of this chapter, the Indiana board shall conduct a hearing at its earliest opportunity. The Indiana board may

(1) assign:

(A) full;

(B) limited; or

(C) no;

evidentiary value to the assessed valuation of tangible property determined by stipulation submitted as evidence of a comparable sale; and

(2) correct any errors that may have been made and adjust the assessment **or exemption** in accordance with the correction.

(b) If the Indiana board conducts a site inspection of the property as part of its review of the petition, the Indiana board shall give notice to all parties of the date and time of the site inspection. The Indiana board is not required to assess the property in question. The Indiana board shall give notice of the date fixed for the hearing, by mail, to the taxpayer and to the appropriate township assessor, county assessor, and county auditor. With respect to an appeal of the assessment of real property or personal property filed after June 30, 2005, the notice must include the following:

(1) The action of the county property tax assessment board of appeals with respect to the appealed items;

(2) A statement that a taxing unit receiving the notice from the county auditor under subsection (c) may:

(A) attend the hearing; and

(B) offer testimony.

The Indiana board shall give these notices at least thirty (30) days before the day fixed for the hearing **unless the parties agree to a shorter period. With respect to a petition for review filed by a county assessor, the property tax assessment county board of appeals that made the determination under appeal review under this section may with the approval of the county executive, file an amicus curiae brief in the review proceeding under this section. The expenses incurred by the property tax assessment county board of appeals in filing the amicus curiae brief shall be paid from the property reassessment fund under IC 6-1.1-4-27.5. The executive of a taxing unit may file an amicus curiae brief in the review proceeding under this section if the property whose assessment **or exemption** is under appeal is subject to assessment by that taxing unit.**

(c) If, after receiving notice of a hearing under subsection (b), the county auditor determines that the assessed value of the appealed items constitutes at least one percent (1%) of the total gross certified assessed value of a particular taxing unit for the assessment date immediately preceding the assessment date for which the appeal was filed, the county auditor shall send a copy of

the notice to the affected taxing unit. A taxing unit that receives a notice from the county auditor under this subsection is not a party to the appeal. Failure of the county auditor to send a copy of the notice to the affected taxing unit does not affect the validity of the appeal or delay the appeal.

(d) (c) If a petition for review does not comply with the Indiana board's instructions for completing the form prescribed under section 3 of this chapter, the Indiana board shall return the petition to the petitioner and include a notice describing the defect in the petition. The petitioner then has thirty (30) days from the date on the notice to cure the defect and file a corrected petition. The Indiana board shall deny a corrected petition for review if it does not substantially comply with the Indiana board's instructions for completing the form prescribed under section 3 of this chapter.

(e) The Indiana board shall prescribe a form for use in processing petitions for review of actions by the county property tax assessment board of appeals. The Indiana board shall issue instructions for completion of the form. The form must require the Indiana board to indicate agreement or disagreement with each item that is:

(1) if the county or township official held a preliminary conference under section 1(f) of this chapter, indicated on the petition submitted under that section by the taxpayer and the official; and

(2) included in the county property tax assessment board of appeals' findings, record, and determination under section 2-1(d) of this chapter.

The form must also require the Indiana board to indicate the issues in dispute and its reasons in support of its resolution of those issues.

(f) (d) After the hearing, the Indiana board shall give the petitioner, the township assessor, **taxpayer**, the county assessor, and the county auditor: **any entity that filed an amicus curiae brief:**

(1) notice, by mail, of its final determination;

(2) a copy of the form completed under subsection (c); and

(3) **(2) for parties entitled to appeal the final determination**, notice of the procedures they must follow in order to obtain court review under section 5 of this chapter.

The county auditor shall provide copies of the documents described in subdivisions (1) through (3) to the taxing units entitled to notice under subsection (c).

(g) (e) Except as provided in subsection (h), (f), the Indiana board shall conduct a hearing not later than nine (9) months after a petition in proper form is filed with the Indiana board, excluding any time due to a delay reasonably caused by the petitioner.

(h) (f) With respect to an appeal of a real property assessment that takes effect on the assessment date on which a general reassessment of real property takes effect under IC 6-1.1-4-4, the Indiana board shall conduct a hearing not later than one (1) year after a petition in proper form is filed with the Indiana board, excluding any time due to a delay reasonably caused by the petitioner.

(i) (g) Except as provided in subsection (j), (h), the Indiana board shall make a determination not later than the later of:

(1) ninety (90) days after the hearing; or

(2) the date set in an extension order issued by the Indiana board.

(h) With respect to an appeal of a real property assessment that takes effect on the assessment date on which a general reassessment of real property takes effect under IC 6-1.1-4-4, the Indiana board shall make a determination not later than the later of:

- (1) one hundred eighty (180) days after the hearing; or
- (2) the date set in an extension order issued by the Indiana board.

(i) The Indiana board may not extend the final determination date under subsection (g) or (h) by more than one hundred eighty (180) days. If the Indiana board fails to make a final determination within the time allowed by this section, after a hearing, the entity that initiated the petition may:

- (1) take no action and wait for the Indiana board to make a final determination; or
- (2) petition for judicial review under section 5(g) 5 of this chapter.

(j) A final determination must include separately stated findings of fact for all aspects of the determination. Findings of ultimate fact must be accompanied by a concise statement of the underlying basic facts of record to support the findings. Findings must be based exclusively upon the evidence on the record in the proceeding and on matters officially noticed in the proceeding. Findings must be based upon a preponderance of the evidence.

(k) The Indiana board may limit the scope of the appeal to the issues raised in the petition and the evaluation of the evidence presented to the county property tax assessment board of appeals in support of those issues only if all persons parties participating in the hearing required under subsection (a) agree to the limitation. A person party participating in the hearing required under subsection (a) is entitled to introduce evidence that is otherwise proper and admissible without regard to whether that evidence has previously been introduced at a hearing before the county property tax assessment board of appeals.

(l) The Indiana board may require the parties to the appeal:

- (1) may require the parties to the appeal to file not more than five (5) business days before the date of the hearing required under subsection (a) documentary evidence or summaries of statements of testimonial evidence; and
- (2) may require the parties to the appeal to file not more than fifteen (15) business days before the date of the hearing required under subsection (a) lists of witnesses and exhibits to be introduced at the hearing.

(m) A party to a proceeding before the Indiana board shall provide to another party all other parties to the proceeding the information described in subsection (l) if the other party requests the information in writing at least ten (10) days before the deadline for filing of the information under subsection (l): (l).

(p) The county assessor may:

- (1) appear as an additional party if the notice of appearance is filed before the review proceeding; or
- (2) with the approval of the township assessor, represent the township assessor;

in a review proceeding under this section:

(n) The Indiana board may base its final determination on a stipulation between the respondent and the petitioner. If the final determination is based on a stipulated assessed valuation of tangible

property, the Indiana board may order the placement of a notation on the permanent assessment record of the tangible property that the assessed valuation was determined by stipulation. The Indiana board may:

- (1) order that a final determination under this subsection has no precedential value; or
- (2) specify a limited precedential value of a final determination under this subsection.

SECTION 41. IC 6-1.1-15-5, AS AMENDED BY P.L.199-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) Not later than fifteen (15) days after the Indiana board gives notice of its final determination under section 4 of this chapter to the party or the maximum allowable time for the issuance of a final determination by the Indiana board under section 4 of this chapter expires, a party to the proceeding may request a rehearing before the Indiana board. The Indiana board may conduct a rehearing and affirm or modify its final determination, giving the same notices after the rehearing as are required by section 4 of this chapter. The Indiana board has fifteen (15) days after receiving a petition for a rehearing to determine whether to grant a rehearing. Failure to grant a rehearing not later than fifteen (15) days after receiving the petition shall be treated as a final determination to deny the petition. A petition for a rehearing does not toll the time in which to file a petition for judicial review unless the petition for rehearing is granted. If the Indiana board determines to rehear a final determination, the Indiana board:

- (1) may conduct the additional hearings that the Indiana board determines necessary or review the written record without additional hearings; and
- (2) shall issue a final determination not later than ninety (90) days after notifying the parties that the Indiana board will rehear the final determination.

If the Indiana board fails to make a final determination within the time allowed under subdivision (2), the entity that initiated the petition for rehearing may take no action and wait for the Indiana board to make a final determination or petition for judicial review under subsection (g).

(b) A person party may petition for judicial review of the final determination of the Indiana board regarding the assessment or exemption of that person's tangible property. The action shall be taken to the tax court under IC 4-21.5-5. In order to obtain judicial review under this section, a party must:

- (1) file a petition with the Indiana tax court;
- (2) serve a copy of the petition on:
 - (A) the county assessor;
 - (B) the attorney general; and
 - (C) any entity that filed an amicus curiae brief with the Indiana board; and
- (3) file a written notice of appeal with the Indiana board informing the Indiana board of the party's intent to obtain judicial review.

Petitions for judicial review may be consolidated at the request of the appellants if it can be done in the interest of justice. The property tax assessment board of appeals that made the determination under appeal under this section may, with the approval of the county executive, file an amicus curiae brief in the review proceeding under this section. The expenses incurred by the

property tax assessment board of appeals in filing the amicus curiae brief shall be paid from the property reassessment fund under ~~IC 6-1.1-4-27.5~~. In addition, the executive of a taxing unit may file an amicus curiae brief in the review proceeding under this section if the property whose assessment is under appeal is subject to assessment by that taxing unit. The department of local government finance may intervene in an action taken under this subsection if the interpretation of a rule of the department is at issue in the action. ~~A township assessor; The county assessor member of a county property tax assessment board of appeals; or county property tax assessment board of appeals that made the original assessment determination under appeal under this section is a party to the review under this section. to defend the determination.~~

(c) Except as provided in subsection (g), to initiate a proceeding for judicial review under this section, a **person party** must take the action required by subsection (b) not later than:

- (1) forty-five (45) days after the Indiana board gives the person notice of its final determination, unless a rehearing is conducted under subsection (a); or
- (2) ~~thirty (30)~~ **forty-five (45)** days after the Indiana board gives the person notice under subsection (a) of its final determination, if a rehearing is conducted under subsection (a) or the maximum time elapses for the Indiana board to make a determination under this section.

(d) The failure of the Indiana board to conduct a hearing within the period prescribed in section ~~4(h)~~ **4(e)** or ~~4(i)~~ **4(f)** of this chapter does not constitute notice to the **person party** of an Indiana board final determination.

(e) The county ~~executive assessor~~ may petition for judicial review to the tax court in the manner prescribed in this section. ~~upon request by the county assessor, the elected township assessor, or an affected taxing unit. If an appeal is taken at the request of an affected taxing unit, the taxing unit shall pay the costs of the appeal.~~

(f) ~~If~~ The county executive determines upon a request under this subsection to not appeal to the tax court:

- (1) ~~the entity described in subsection (b) that made the original determination under appeal under this section may take an appeal to the tax court in the manner prescribed in this section using funds from that entity's budget; and~~
- (2) ~~the petitioner assessor may not be represented by the attorney general in an action described in subdivision (1); a judicial review initiated under subsection (b) by the county assessor.~~

(g) If the maximum time elapses for the Indiana board to give notice of its final determination under subsection (a) or section 4 of this chapter, a **person party** may initiate a proceeding for judicial review by taking the action required by subsection (b) at any time after the maximum time elapses. If:

- (1) a judicial proceeding is initiated under this subsection; and
- (2) the Indiana board has not issued a determination;

the tax court shall determine the matter de novo.

SECTION 42. IC 6-1.1-15-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) If a final determination by the Indiana board regarding the assessment **or exemption** of any tangible property is vacated, set aside, or adjudged null and void under the decision of the tax court, ~~under IC 4-21.5-5~~, the matter of the assessment **or exemption** of the

property shall be remanded to the Indiana board with instructions to the Indiana board to refer the matter to the:

- (1) department of local government finance with respect to an appeal of a determination made by the department; or
- (2) county ~~property tax assessment board of appeals~~ with respect to an appeal of a determination made by the county board;

to make another assessment **or exemption determination**. Upon remand, the Indiana board may take action only on those issues specified in the decision of the tax court.

(b) The department of local government finance or the county ~~property tax assessment board of appeals~~ shall take action on a case referred to it by the Indiana board under subsection (a) not later than ninety (90) days after the date the referral is made. ~~unless an appeal of the final determination of the Indiana board is initiated under IC 4-21.5-5-16~~. The department of local government finance or the county ~~property tax assessment board of appeals~~ may petition the Indiana board at any time for an extension of the ninety (90) day period. An extension shall be granted upon a showing of reasonable cause.

(c) The taxpayer in a case remanded under subsection (a) may petition the tax court for an order requiring the department of local government finance or the county ~~property tax assessment board of appeals~~ to show cause why action has not been taken pursuant to the Indiana board's referral under subsection (a) if:

- (1) at least ninety (90) days have elapsed since the referral was made;
- (2) the department of local government finance or the county ~~property tax assessment board of appeals~~ has not taken action on the issues specified in the tax court's decision; and
- (3) an appeal of the tax court's decision has not been filed.

(d) If a case remanded under subsection (a) is appealed under ~~IC 4-21.5-5-16~~, **section 5 of this chapter**, the ninety (90) day period provided in subsection (b) is tolled until the appeal is concluded.

SECTION 43. IC 6-1.1-15-9, AS AMENDED BY P.L.199-2005, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) If the assessment **or exemption** of tangible property is corrected by the department of local government finance or the county ~~property tax assessment board of appeals~~ under section 8 of this chapter, the owner of the property has a right to appeal the final determination of the corrected assessment **or exemption** to the Indiana board. The county ~~executive assessor~~ also has a right to appeal the final determination of the reassessment **or exemption** by the department of local government finance or the county ~~property tax assessment board, of appeals~~ but only upon request by the county assessor, the elected township assessor, or an affected taxing unit. If the appeal is taken at the request of an affected taxing unit, the taxing unit shall pay the costs of the appeal.

(b) An appeal under this section must be initiated in the manner prescribed in section 3 of this chapter or IC 6-1.5-5.

SECTION 44. IC 6-1.1-15-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) If a petition for review to any board or a proceeding for judicial review in the tax court regarding an assessment or increase in assessment is pending, the taxes resulting from the assessment or increase in

assessment are, notwithstanding the provisions of IC 6-1.1-22-9, not due until after the petition for review, or the proceeding for judicial review, is finally adjudicated and the assessment or increase in assessment is finally determined. However, even though a petition for review or a proceeding for judicial review is pending, the taxpayer shall pay taxes on the tangible property when the property tax installments come due, unless the collection of the taxes is ~~stayed~~ **enjoined** under ~~IC 4-21.5-5-9~~ **IC 33-26-6-2** pending a final determination in the proceeding for judicial review. The amount of taxes which the taxpayer is required to pay, pending the final determination of the assessment or increase in assessment, shall be based on:

- (1) the assessed value reported by the taxpayer on the taxpayer's personal property return if a personal property assessment, or an increase in such an assessment, is involved; or
- (2) an amount based on the immediately preceding year's assessment of real property if an assessment, or increase in assessment, of real property is involved.

(b) If the petition for review or the proceeding for judicial review is not finally determined by the last installment date for the taxes, the taxpayer, upon showing of cause by a taxing official or at the tax court's discretion, may be required to post a bond or provide other security in an amount not to exceed the taxes resulting from the contested assessment or increase in assessment.

(c) Each county auditor shall keep separate on the tax duplicate a record of that portion of the assessed value of property that is described in IC 6-1.1-17-0.5(b). When establishing rates and calculating state school support, the department of local government finance shall exclude from assessed value in the county the assessed value of property kept separate on the tax duplicate by the county auditor under IC 6-1.1-17-0.5(b).

SECTION 45. IC 6-1.1-15-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. (a) Subject to the limitations contained in subsections (c) and (d), a county auditor shall correct errors which are discovered in the tax duplicate for any one (1) or more of the following reasons:

- (1) The description of the real property was in error.
- (2) The assessment was against the wrong person.
- (3) Taxes on the same property were charged more than one (1) time in the same year.
- (4) There was a mathematical error in computing the taxes or penalties on the taxes.
- (5) There was an error in carrying delinquent taxes forward from one (1) tax duplicate to another.
- (6) The taxes, as a matter of law, were illegal.
- (7) There was a mathematical error in computing an assessment.
- (8) Through an error of omission by any state or county officer, the taxpayer was not given credit for an exemption or deduction permitted by law.

(b) The county auditor shall correct an error described under subsection (a)(1), (a)(2), (a)(3), (a)(4), or (a)(5) when the county auditor finds that the error exists.

(c) If the tax is based on an assessment made or determined by the ~~state board of tax commissioners (before the board was abolished)~~ or the department of local government finance, the

county auditor shall not correct an error described under subsection (a)(6), (a)(7), or (a)(8) until after the correction is either approved by the department of local government finance or ordered by the tax court.

(d) If the tax is not based on an assessment made or determined by the ~~state board of tax commissioners (before the board was abolished)~~ or the department of local government finance, the county auditor shall correct an error described under subsection (a)(6), (a)(7), or (a)(8) only if the correction is first approved by at least two (2) of the following officials:

- (1) The township assessor.
- (2) The county auditor.
- (3) The county assessor.

If two (2) of these officials do not approve such a correction, the county auditor shall refer the matter to the county ~~property tax assessment board of appeals~~ for determination. The county ~~property tax assessment board of appeals~~ shall provide a copy of the determination to the taxpayer and to the county auditor.

(e) A taxpayer may appeal a determination of the county ~~property tax assessment board of appeals~~ to the Indiana board for a final administrative determination. An appeal under this section shall be conducted in the same manner as appeals under sections 4 through 8 of this chapter. The Indiana board shall send the final administrative determination to the taxpayer, the county auditor, the county assessor, and the township assessor.

(f) If a correction or change is made in the tax duplicate after it is delivered to the county treasurer, the county auditor shall transmit a certificate of correction to the county treasurer. The county treasurer shall keep the certificate as the voucher for settlement with the county auditor.

(g) A taxpayer that files a personal property tax return under IC 6-1.1-3 may not petition under this section for the correction of an error made by the taxpayer on the taxpayer's personal property tax return. If the taxpayer wishes to correct an error made by the taxpayer on the taxpayer's personal property tax return, the taxpayer must instead file an amended personal property tax return under IC 6-1.1-3-7.5.

(h) A taxpayer that files a statement under IC 6-1.1-8-19 may not petition under this section for the correction of an error made by the taxpayer on the taxpayer's statement. If the taxpayer wishes to correct an error made by the taxpayer on the taxpayer's statement, the taxpayer must instead initiate an objection under IC 6-1.1-8-28 **or an appeal under IC 6-1.1-8-30.**

(i) A taxpayer that files a statement under IC 6-1.1-8-23 may not petition under this section for the correction of an error made by the taxpayer on the taxpayer's statement. If the taxpayer wishes to correct an error made by the taxpayer on the taxpayer's statement, the taxpayer must instead file an amended statement not more than six (6) months after the due date of the statement.

SECTION 46. IC 6-1.1-15-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. In any assessment review the assessing official, the county assessor, and the members of a county ~~property tax assessment board of appeals~~ shall:

- (1) use the department of local government finance's rules in effect; and
- (2) consider the conditions and circumstances of the property as they existed;

on the original assessment date of the property under review.

SECTION 47. IC 6-1.1-15-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 16. Notwithstanding any provision in the 2002 Real Property Assessment Manual and Real Property Assessment Guidelines for 2002-Version A, incorporated by reference in 50 IAC 2.3-1-2, a county ~~property tax assessment board of appeals~~ or the Indiana board shall consider all evidence relevant to the assessment of real property regardless of whether the evidence was submitted to the township assessor before the assessment of the property.

SECTION 48. IC 6-1.1-16-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) If a county property tax assessment board of appeals fails to change an assessed value claimed by a taxpayer on a personal property return and give notice of the change within the time prescribed in section 1(a)(2) of this chapter, the township assessor or the county assessor may file a petition for review of the assessment by the Indiana board. The township assessor or the county assessor must file the petition for review in the manner provided in ~~IC 6-1.1-15-3(c)~~; **IC 6-1.1-15-3(d)**. The time period for filing the petition begins to run on the last day that the county board is permitted to act on the assessment under section 1(a)(2) of this chapter as though the board acted and gave notice of its action on that day.

(b) Notwithstanding section 1(a)(3) of this chapter, the department of local government finance shall reassess tangible property when an appealed assessment of the property is remanded to the board under IC 6-1.1-15-8.

SECTION 49. IC 6-1.1-17-3, AS AMENDED BY P.L.162-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) The proper officers of a political subdivision shall formulate its estimated budget and its proposed tax rate and tax levy on the form prescribed by the department of local government finance and approved by the state board of accounts. The political subdivision shall give notice by publication to taxpayers of:

- (1) the estimated budget;
- (2) the estimated maximum permissible levy;
- (3) the current and proposed tax levies of each fund; and
- (4) the amounts of excessive levy appeals to be requested.

In the notice, the political subdivision shall also state the time and place at which a public hearing will be held on these items. The notice shall be published twice in accordance with IC 5-3-1 with the first publication at least ten (10) days before the date fixed for the public hearing. Beginning in 2009, the duties required by this subsection must be completed before August 10 of the calendar year. A political subdivision shall provide the estimated budget and levy information required for the notice under subsection (b) to the county auditor on the schedule determined by the department of local government finance.

(b) Beginning in 2009, before August 10 of a calendar year, the county auditor shall mail to the last known address of each person liable for any property taxes, as shown on the tax duplicate, or to the last known address of the most recent owner shown in the transfer book, a statement that includes:

- (1) the assessed valuation as of the assessment date in the current calendar year of tangible property on which the person will be liable for property taxes first due and payable in the

immediately succeeding calendar year and notice to the person of the opportunity to appeal the assessed valuation under ~~IC 6-1.1-15-1(b)~~; **IC 6-1.1-15-1(c)**;

(2) the amount of property taxes for which the person will be liable to each political subdivision on the tangible property for taxes first due and payable in the immediately succeeding calendar year, taking into account all factors that affect that liability, including:

- (A) the estimated budget and proposed tax rate and tax levy formulated by the political subdivision under subsection (a);
- (B) any deductions or exemptions that apply to the assessed valuation of the tangible property;
- (C) any credits that apply in the determination of the tax liability; and
- (D) the county auditor's best estimate of the effects on the tax liability that might result from actions of the county board of tax adjustment or the department of local government finance;

(3) a prominently displayed notation that:

- (A) the estimate under subdivision (2) is based on the best information available at the time the statement is mailed; and
- (B) based on various factors, including potential actions by the county board of tax adjustment or the department of local government finance, it is possible that the tax liability as finally determined will differ substantially from the estimate;

(4) comparative information showing the amount of property taxes for which the person is liable to each political subdivision on the tangible property for taxes first due and payable in the current year; and

(5) the date, time, and place at which the political subdivision will hold a public hearing on the political subdivision's estimated budget and proposed tax rate and tax levy as required under subsection (a).

(c) The department of local government finance shall:

- (1) prescribe a form for; and
- (2) provide assistance to county auditors in preparing;

statements under subsection (b). Mailing the statement described in subsection (b) to a mortgagee maintaining an escrow account for a person who is liable for any property taxes shall not be construed as compliance with subsection (b).

(d) The board of directors of a solid waste management district established under IC 13-21 or IC 13-9.5-2 (before its repeal) may conduct the public hearing required under subsection (a):

- (1) in any county of the solid waste management district; and
- (2) in accordance with the annual notice of meetings published under IC 13-21-5-2.

(e) The trustee of each township in the county shall estimate the amount necessary to meet the cost of township assistance in the township for the ensuing calendar year. The township board shall adopt with the township budget a tax rate sufficient to meet the estimated cost of township assistance. The taxes collected as a result of the tax rate adopted under this subsection are credited to the township assistance fund.

(f) A county shall adopt with the county budget and the

department of local government finance shall certify under section 16 of this chapter a tax rate sufficient to raise the levy necessary to pay the following:

- (1) The cost of child services (as defined in IC 12-19-7-1) of the county payable from the family and children's fund.
- (2) The cost of children's psychiatric residential treatment services (as defined in IC 12-19-7.5-1) of the county payable from the children's psychiatric residential treatment services fund.

A budget, tax rate, or tax levy adopted by a county fiscal body or approved or modified by a county board of tax adjustment that is less than the levy necessary to pay the costs described in subdivision (1) or (2) shall not be treated as a final budget, tax rate, or tax levy under section 11 of this chapter.

SECTION 50. IC 6-1.1-17-5, AS AMENDED BY P.L.169-2006, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) The officers of political subdivisions shall meet each year to fix the budget, tax rate, and tax levy of their respective subdivisions for the ensuing budget year as follows:

- ~~(1) The fiscal body of a consolidated city and county, not later than the last meeting of the fiscal body in September.~~
- ~~(2) The fiscal body of a municipality, not later than September 30.~~
- ~~(3)~~ **(1)** The board of school trustees of a school corporation that is located in a city having a population of more than one hundred five thousand (105,000) but less than one hundred twenty thousand (120,000), not later than:
 - (A) the time required in section 5.6(b) of this chapter; or
 - (B) September ~~20~~ **30** if a resolution adopted under section 5.6(d) of this chapter is in effect.
- ~~(4)~~ **(2)** The proper officers of all other political subdivisions, not later than September ~~20~~ **30**.

Except in a consolidated city and county and in a second class city, the public hearing required by section 3 of this chapter must be completed at least ten (10) days before the proper officers of the political subdivision meet to fix the budget, tax rate, and tax levy. In a consolidated city and county and in a second class city, that public hearing, by any committee or by the entire fiscal body, may be held at any time after introduction of the budget.

(b) Ten (10) or more taxpayers may object to a budget, tax rate, or tax levy of a political subdivision fixed under subsection (a) by filing an objection petition with the proper officers of the political subdivision not more than seven (7) days after the hearing. The objection petition must specifically identify the provisions of the budget, tax rate, and tax levy to which the taxpayers object.

(c) If a petition is filed under subsection (b), the fiscal body of the political subdivision shall adopt with its budget a finding concerning the objections in the petition and any testimony presented at the adoption hearing.

(d) This subsection does not apply to a school corporation. Each year at least two (2) days before the first meeting of the county board of tax adjustment held under IC 6-1.1-29-4, a political subdivision shall file with the county auditor:

- (1) a statement of the tax rate and levy fixed by the political subdivision for the ensuing budget year;
- (2) two (2) copies of the budget adopted by the political

subdivision for the ensuing budget year; and
(3) two (2) copies of any findings adopted under subsection (c).

Each year the county auditor shall present these items to the county board of tax adjustment at the board's first meeting.

(e) In a consolidated city and county and in a second class city, the clerk of the fiscal body shall, notwithstanding subsection (d), file the adopted budget and tax ordinances with the county board of tax adjustment within two (2) days after the ordinances are signed by the executive, or within two (2) days after action is taken by the fiscal body to override a veto of the ordinances, whichever is later.

(f) If a fiscal body does not fix the budget, tax rate, and tax levy of the political subdivisions for the ensuing budget year as required under this section, the most recent annual appropriations and annual tax levy are continued for the ensuing budget year.

SECTION 51. IC 6-1.1-17-5.6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5.6. (a) This section applies only to a school corporation that is located in a city having a population of more than one hundred five thousand (105,000) but less than one hundred twenty thousand (120,000).

(b) Before February 1 of each year, the officers of the school corporation shall meet to fix the budget for the school corporation for the ensuing budget year, with notice given by the same officers. However, if a resolution adopted under subsection (d) is in effect, the officers shall meet to fix the budget for the ensuing budget year before September ~~20~~ **30**.

(c) Each year, at least two (2) days before the first meeting of the county board of tax adjustment held under IC 6-1.1-29-4, the school corporation shall file with the county auditor:

- (1) a statement of the tax rate and tax levy fixed by the school corporation for the ensuing budget year;
- (2) two (2) copies of the budget adopted by the school corporation for the ensuing budget year; and
- (3) any written notification from the department of local government finance under section 16(i) of this chapter that specifies a proposed revision, reduction, or increase in the budget adopted by the school corporation for the ensuing budget year.

Each year the county auditor shall present these items to the county board of tax adjustment at the board's first meeting.

(d) The governing body of the school corporation may adopt a resolution to cease using a school year budget year and return to using a calendar year budget year. A resolution adopted under this subsection must be adopted after January 1 and before July 1. The school corporation's initial calendar year budget year following the adoption of a resolution under this subsection begins on January 1 of the year following the year the resolution is adopted. The first six (6) months of the initial calendar year budget for the school corporation must be consistent with the last six (6) months of the final school year budget fixed by the department of local government finance before the adoption of a resolution under this subsection.

(e) A resolution adopted under subsection (d) may be rescinded by a subsequent resolution adopted by the governing body. If the governing body of the school corporation rescinds a resolution adopted under subsection (d) and returns to a school year budget year, the school corporation's initial school year budget year begins

on July 1 following the adoption of the rescinding resolution and ends on June 30 of the following year. The first six (6) months of the initial school year budget for the school corporation must be consistent with the last six (6) months of the last calendar year budget fixed by the department of local government finance before the adoption of a rescinding resolution under this subsection.

SECTION 52. IC 6-1.1-18-12, AS AMENDED BY SEA 526-2007, SECTION 115, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. (a) For purposes of this section, "maximum rate" refers to the maximum:

- (1) property tax rate or rates; or
- (2) special benefits tax rate or rates;

referred to in the statutes listed in subsection (d).

(b) The maximum rate for taxes first due and payable after 2003 is the maximum rate that would have been determined under subsection (e) for taxes first due and payable in 2003 if subsection (e) had applied for taxes first due and payable in 2003.

(c) The maximum rate must be adjusted **each year to account for the change in assessed value of real property that results from:**

- (1) ~~each time~~ an annual adjustment of the assessed value of real property ~~takes effect~~ under IC 6-1.1-4-4.5; ~~and or~~
- (2) ~~each time~~ a general reassessment of real property ~~takes effect~~ under IC 6-1.1-4-4.

(d) The statutes to which subsection (a) refers are:

- (1) IC 8-10-5-17;
- (2) IC 8-22-3-11;
- (3) IC 8-22-3-25;
- (4) IC 12-29-1-1;
- (5) IC 12-29-1-2;
- (6) IC 12-29-1-3;
- (7) IC 12-29-3-6;
- (8) IC 13-21-3-12;
- (9) IC 13-21-3-15;
- (10) IC 14-27-6-30;
- (11) IC 14-33-7-3;
- (12) IC 14-33-21-5;
- (13) IC 15-1-6-2;
- (14) IC 15-1-8-1;
- (15) IC 15-1-8-2;
- (16) IC 16-20-2-18;
- (17) IC 16-20-4-27;
- (18) IC 16-20-7-2;
- (19) IC 16-22-14;
- (20) IC 16-23-1-29;
- (21) IC 16-23-3-6;
- (22) IC 16-23-4-2;
- (23) IC 16-23-5-6;
- (24) IC 16-23-7-2;
- (25) IC 16-23-8-2;
- (26) IC 16-23-9-2;
- (27) IC 16-41-15-5;
- (28) IC 16-41-33-4;
- (29) IC 20-46-2-3;
- (30) IC 20-46-6-5;
- (31) IC 20-49-2-10;
- (32) IC 36-1-19-1;

- (33) IC 23-14-66-2;
- (34) IC 23-14-67-3;
- (35) IC 36-7-13-4;
- (36) IC 36-7-14-28;
- (37) IC 36-7-15.1-16;
- (38) IC 36-8-19-8.5;
- (39) IC 36-9-6.1-2;
- (40) IC 36-9-17.5-4;
- (41) IC 36-9-27-73;
- (42) IC 36-9-29-31;
- (43) IC 36-9-29.1-15;
- (44) IC 36-10-6-2;
- (45) IC 36-10-7-7;
- (46) IC 36-10-7-8;
- (47) IC 36-10-7.5-19;
- (48) IC 36-10-13-5;
- (49) IC 36-10-13-7;
- (50) IC 36-10-14-4;
- (51) IC 36-12-7-7;
- (52) IC 36-12-7-8;
- (53) IC 36-12-12-10; and
- (54) any statute enacted after December 31, 2003, that:

(A) establishes a maximum rate for any part of the:

- (i) property taxes; or
- (ii) special benefits taxes;

imposed by a political subdivision; and

(B) does not exempt the maximum rate from the adjustment under this section.

(e) The new maximum rate under a statute listed in subsection (d) is the tax rate determined under STEP SEVEN of the following STEPS:

STEP ONE: Determine the maximum rate for the political subdivision levying a property tax or special benefits tax under the statute for the year preceding the year in which the annual adjustment or general reassessment takes effect.

STEP TWO: Determine the actual percentage increase (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property from the year preceding the year the annual adjustment or general reassessment takes effect to the year that the annual adjustment or general reassessment takes effect.

STEP THREE: Determine the three (3) calendar years that immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first take effect.

STEP FOUR: Compute separately, for each of the calendar years determined in STEP THREE, the actual percentage increase (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property from the preceding year.

STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Determine the greater of the following:

(A) Zero (0).

(B) The result of the STEP TWO percentage minus the

STEP FIVE percentage.

STEP SEVEN: Determine the quotient of the STEP ONE tax rate divided by the sum of one (1) plus the STEP SIX percentage increase.

(f) The department of local government finance shall compute the maximum rate allowed under subsection (e) and provide the rate to each political subdivision with authority to levy a tax under a statute listed in subsection (d).

SECTION 53. IC 6-1.1-18-13, AS ADDED BY P.L.2-2006, SECTION 44, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: Sec. 13. (a) The maximum property tax rate levied under IC 20-46-6 by each school corporation for the school corporation's capital projects fund must be adjusted each **time year to account for the change in assessed value of real property that results from:**

(1) **an annual adjustment of the assessed value of real property under IC 6-1.1-4-4.5; or**

(2) **a general reassessment of real property takes effect under IC 6-1.1-4-4.**

The adjusted property tax rate becomes the new maximum property tax rate for the levy for property taxes first due and payable in each year:

(1) ~~after the general reassessment for which the adjustment was made takes effect; and~~

(2) ~~before the next general reassessment takes effect.~~

(b) The new maximum rate under this section is the tax rate determined under STEP SEVEN of the following formula:

STEP ONE: Determine the maximum rate for the school corporation for the year preceding the year in which the **annual adjustment or** general reassessment takes effect.

STEP TWO: Determine the actual percentage increase (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (**before the adjustment, if any, under IC 6-1.1-4-4.5**) of the taxable property from the year preceding the year the **annual adjustment or** general reassessment takes effect to the year that the **annual adjustment or** general reassessment is effective.

STEP THREE: Determine the three (3) calendar years that immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first become effective.

STEP FOUR: Compute separately, for each of the calendar years determined in STEP THREE, the actual percentage increase (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (**before the adjustment, if any, under IC 6-1.1-4-4.5**) of the taxable property from the preceding year.

STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Determine the greater of the following:

(A) Zero (0).

(B) The result of the STEP TWO percentage minus the STEP FIVE percentage.

STEP SEVEN: Determine the quotient of the STEP ONE tax rate divided by the sum of one (1) plus the STEP SIX percentage increase.

(c) The department of local government finance shall compute

the maximum rate allowed under subsection (b) and provide the rate to each school corporation.

SECTION 54. IC 6-1.1-18.5-4.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JANUARY 1, 2008]: **Sec. 4.5. The department of local government finance shall adjust the maximum permissible ad valorem tax levy of each county and township to reflect any transfer of duties between assessors under IC 36-2-15-5 or IC 36-6-5-2.**

SECTION 55. IC 6-1.1-18.5-9.8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: Sec. 9.8. (a) For purposes of determining the property tax levy limit imposed on a city, town, or county under section 3 of this chapter, the city, town, or county's ad valorem property tax levy for a particular calendar year does not include an amount equal to the lesser of:

(1) the amount of ad valorem property taxes that would be first due and payable to the city, town, or county during the ensuing calendar year if the taxing unit imposed the maximum permissible property tax rate per one hundred dollars (\$100) of assessed valuation that the civil taxing unit may impose for the particular calendar year under the authority of IC 36-9-14.5 (in the case of a county) or IC 36-9-15.5 (in the case of a city or town); or

(2) the excess, if any, of:

(A) the property taxes imposed by the city, town, or county under the authority of:

IC 3-11-6-9;

IC 8-16-3;

IC 8-16-3.1;

IC 8-22-3-25;

IC 14-27-6-48;

IC 14-33-9-3;

IC 16-22-8-41;

IC 16-22-5-2 through IC 16-22-5-15;

IC 16-23-1-40;

IC 36-8-14;

IC 36-9-4-48;

IC 36-9-14;

IC 36-9-14.5;

IC 36-9-15;

IC 36-9-15.5;

IC 36-9-16;

IC 36-9-16.5;

IC 36-9-17;

IC 36-9-26;

IC 36-9-27-100;

IC 36-10-3-21; or

IC 36-10-4-36;

that are first due and payable during the ensuing calendar year; over

(B) the property taxes imposed by the city, town, or county under the authority of the citations listed in clause (A) that were first due and payable during calendar year 1984.

(b) The maximum property tax rate levied under the statutes listed in subsection (a) must be adjusted each **time year to account for the change in assessed value of real property that results from:**

(1) an annual adjustment of the assessed value of real property under IC 6-1.1-4-4.5; or

(2) a general reassessment of real property takes effect under IC 6-1.1-4-4.

(c) The new maximum rate under a statute listed in subsection (a) is the tax rate determined under STEP SEVEN of the following formula:

STEP ONE: Determine the maximum rate for the political subdivision levying a property tax under the statute for the year preceding the year in which the **annual adjustment or general reassessment takes effect.**

STEP TWO: Determine the actual percentage increase (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value **(before the adjustment, if any, under IC 6-1.1-4-4.5)** of the taxable property from the year preceding the year the **annual adjustment or general reassessment takes effect** to the year that the **annual adjustment or general reassessment is effective.**

STEP THREE: Determine the three (3) calendar years that immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first become effective.

STEP FOUR: Compute separately, for each of the calendar years determined in STEP THREE, the actual percentage increase (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value **(before the adjustment, if any, under IC 6-1.1-4-4.5)** of the taxable property from the preceding year.

STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Determine the greater of the following:

(A) Zero (0).

(B) The result of the STEP TWO percentage minus the STEP FIVE percentage.

STEP SEVEN: Determine the quotient of the STEP ONE tax rate divided by the sum of one (1) plus the STEP SIX percentage increase.

(d) The department of local government finance shall compute the maximum rate allowed under subsection (c) and provide the rate to each political subdivision with authority to levy a tax under a statute listed in subsection (a).

SECTION 56. IC 6-1.1-18.5-12, AS AMENDED BY P.L.67-2006, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. (a) Any civil taxing unit that determines that it cannot carry out its governmental functions for an ensuing calendar year under the levy limitations imposed by section 3 of this chapter may:

(1) before September 20 of the calendar year immediately preceding the ensuing calendar year; or

(2) in the case of a request described in section 16 of this chapter, before

~~(A) December 31 of the calendar year immediately preceding the ensuing calendar year; or~~

~~(B) with the approval of the county fiscal body of the county in which the civil taxing unit is located; March 1 of the ensuing calendar year;~~

appeal to the department of local government finance for relief from

those levy limitations. In the appeal the civil taxing unit must state that it will be unable to carry out the governmental functions committed to it by law unless it is given the authority that it is petitioning for. The civil taxing unit must support these allegations by reasonably detailed statements of fact.

(b) The department of local government finance shall promptly deliver to the local government tax control board every appeal petition it receives under subsection (a) and any materials it receives relevant to those appeals. Upon receipt of an appeal petition, the local government tax control board shall immediately proceed to the examination and consideration of the merits of the civil taxing unit's appeal.

(c) In considering an appeal, the local government tax control board has the power to conduct hearings, require any officer or member of the appealing civil taxing unit to appear before it, or require any officer or member of the appealing civil taxing unit to provide the board with any relevant records or books.

(d) If an officer or member:

(1) fails to appear at a hearing of the local government tax control board after having been given written notice from the local government tax control board requiring that person's attendance; or

(2) fails to produce for the local government tax control board's use the books and records that the local government tax control board by written notice required the officer or member to produce;

then the local government tax control board may file an affidavit in the circuit court in the jurisdiction in which the officer or member may be found setting forth the facts of the failure.

(e) Upon the filing of an affidavit under subsection (d), the circuit court shall promptly issue a summons, and the sheriff of the county within which the circuit court is sitting shall serve the summons. The summons must command the officer or member to appear before the local government tax control board, to provide information to the local government tax control board, or to produce books and records for the local government tax control board's use, as the case may be. Disobedience of the summons constitutes, and is punishable as, a contempt of the circuit court that issued the summons.

(f) All expenses incident to the filing of an affidavit under subsection (d) and the issuance and service of a summons shall be charged to the officer or member against whom the summons is issued, unless the circuit court finds that the officer or member was acting in good faith and with reasonable cause. If the circuit court finds that the officer or member was acting in good faith and with reasonable cause or if an affidavit is filed and no summons is issued, the expenses shall be charged against the county in which the affidavit was filed and shall be allowed by the proper fiscal officers of that county.

(g) The fiscal officer of a civil taxing unit that appeals under section 16 of this chapter for relief from levy limitations shall immediately file a copy of the appeal petition with the county auditor and the county treasurer of the county in which the unit is located.

SECTION 57. IC 6-1.1-18.5-17, AS AMENDED BY P.L.154-2006, SECTION 48, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 17. (a) As

used in this section, "levy excess" means the part of the ad valorem property tax levy actually collected by a civil taxing unit, for taxes first due and payable during a particular calendar year, that exceeds the civil taxing unit's ad valorem property tax levy, as approved by the department of local government finance under IC 6-1.1-17. The term does not include delinquent ad valorem property taxes collected during a particular year that were assessed for an assessment date that precedes the assessment date for the current year in which the ad valorem property taxes are collected.

(b) A civil taxing unit's levy excess is valid and may not be contested on the grounds that it exceeds the civil taxing unit's levy limit for the applicable calendar year. However, the civil taxing unit shall deposit, except as provided in ~~subsection~~ **subsections (h) and (i)**, its levy excess in a special fund to be known as the civil taxing unit's levy excess fund.

(c) The chief fiscal officer of a civil taxing unit may invest money in the civil taxing unit's levy excess fund in the same manner in which money in the civil taxing unit's general fund may be invested. However, any income derived from investment of the money shall be deposited in and becomes a part of the levy excess fund.

(d) The department of local government finance shall require a civil taxing unit to include the amount in its levy excess fund in the civil taxing unit's budget fixed under IC 6-1.1-17.

(e) Except as provided by subsection (f), a civil taxing unit may not spend any money in its levy excess fund until the expenditure of the money has been included in a budget that has been approved by the department of local government finance under IC 6-1.1-17. For purposes of fixing its budget and for purposes of the ad valorem property tax levy limits imposed under this chapter, a civil taxing unit shall treat the money in its levy excess fund that the department of local government finance permits it to spend during a particular calendar year as part of its ad valorem property tax levy for that same calendar year.

(f) A civil taxing unit may transfer money from its levy excess fund to its other funds to reimburse those funds for amounts withheld from the civil taxing unit as a result of refunds paid under IC 6-1.1-26.

(g) Subject to the limitations imposed by this section, a civil taxing unit may use money in its levy excess fund for any lawful purpose for which money in any of its other funds may be used.

(h) If the amount that would, notwithstanding this subsection, be deposited in the levy excess fund of a civil taxing unit for a particular calendar year is less than one hundred dollars (\$100), no money shall be deposited in the levy excess fund of the unit for that year.

(i) This subsection applies only to a civil taxing unit that:

- (1) has a levy excess for a particular calendar year;**
- (2) in the preceding calendar year experienced a shortfall in property tax collections below the civil taxing unit's property tax levy approved by the department of local government finance under IC 6-1.1-17; and**
- (3) did not receive permission from the local government tax control board to impose, because of the shortfall in property tax collections in the preceding calendar year, a property tax levy that exceeds the limits imposed by section 3 of this chapter.**

The amount that a civil taxing unit subject to this subsection

must transfer to the civil taxing unit's levy excess fund in the calendar year in which the excess is collected shall be reduced by the amount of the civil taxing unit's shortfall in property tax collections in the preceding calendar year (but the reduction may not exceed the amount of the civil taxing unit's levy excess).

SECTION 58. IC 6-1.1-20-1.8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 1.8. As used in this chapter, "county voter registration office" means the following:**

- (1) A board of registration established under IC 3-7-12 or by a county executive acting under IC 3-7-12.**
- (2) A board of elections and registration established under IC 3-6-5.2 or IC 3-6-5.4.**
- (3) The office of the circuit court clerk of a county in which a board has not been established as described in subdivision (1) or (2).**

SECTION 59. IC 6-1.1-20-1.9 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 1.9. As used in this chapter, "registered voter" means the following:**

- (1) In the case of a petition under section 3.1 of this chapter to initiate a petition and remonstrance process, an individual who is registered to vote in the political subdivision on the date the proper officers of the political subdivision publish notice under section 3.1(2) of this chapter of a preliminary determination by the political subdivision to issue bonds or enter into a lease.**
- (2) In the case of:**

- (A) a petition under section 3.2 of this chapter in favor of the proposed debt service or lease payments; or**
 - (B) a remonstrance under section 3.2 of this chapter against the proposed debt service or lease payments;**
- an individual who is registered to vote in the political subdivision on the date that is thirty (30) days after the notice of the applicability of the petition and remonstrance process is published under section 3.2(1) of this chapter.**

SECTION 60. IC 6-1.1-20-3.1, AS AMENDED BY P.L.2-2006, SECTION 54, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 3.1. A political subdivision may not impose property taxes to pay debt service or lease rentals without completing the following procedures:**

- (1) The proper officers of a political subdivision shall:**
 - (A) publish notice in accordance with IC 5-3-1; and**
 - (B) send notice by first class mail to any organization that delivers to the officers, before January 1 of that year, an annual written request for such notices;**

of any meeting to consider adoption of a resolution or an ordinance making a preliminary determination to issue bonds or enter into a lease and shall conduct a public hearing on a preliminary determination before adoption of the resolution or ordinance.

- (2) When the proper officers of a political subdivision make a preliminary determination to issue bonds or enter into a lease, the officers shall give notice of the preliminary determination by:**

- (A) publication in accordance with IC 5-3-1; and**
- (B) first class mail to the organizations described in subdivision (1)(B).**

(3) A notice under subdivision (2) of the preliminary determination of the political subdivision to issue bonds or enter into a lease must include the following information:

- (A) The maximum term of the bonds or lease.
- (B) The maximum principal amount of the bonds or the maximum lease rental for the lease.
- (C) The estimated interest rates that will be paid and the total interest costs associated with the bonds or lease.
- (D) The purpose of the bonds or lease.
- (E) A statement that any owners of real property **within the political subdivision or registered voters residing** within the political subdivision who want to initiate a petition and remonstrance process against the proposed debt service or lease payments must file a petition that complies with subdivisions (4) and (5) not later than thirty (30) days after publication in accordance with IC 5-3-1.
- (F) With respect to bonds issued or a lease entered into to open:
 - (i) a new school facility; or
 - (ii) an existing facility that has not been used for at least three (3) years and that is being reopened to provide additional classroom space;
 the estimated costs the school corporation expects to incur annually to operate the facility.
- (G) A statement of whether the school corporation expects to appeal for a new facility adjustment (as defined in IC 20-45-1-16) for an increased maximum permissible tuition support levy to pay the estimated costs described in clause (F).

(4) After notice is given, a petition requesting the application of a petition and remonstrance process may be filed by the lesser of:

- (A) one hundred (100) **persons who are either** owners of real property **within the political subdivision or registered voters residing** within the political subdivision; or
- (B) five percent (5%) of the ~~owners of real property~~ **registered voters residing** within the political subdivision.

(5) The state board of accounts shall design and, upon request by the county ~~auditor~~, **county voter registration office**, deliver to the county ~~auditor~~ **county voter registration office** or the county ~~auditor's voter registration office's~~ designated printer the petition forms to be used solely in the petition process described in this section. The county ~~auditor~~ **county voter registration office** shall issue to an owner or owners of real property **within the political subdivision or a registered voter residing** within the political subdivision the number of petition forms requested by the owner or owners **or the registered voter**. Each form must be accompanied by instructions detailing the requirements that:

- (A) the carrier and signers must be owners of real property **or registered voters**;
- (B) the carrier must be a signatory on at least one (1) petition;
- (C) after the signatures have been collected, the carrier must swear or affirm before a notary public that the carrier

witnessed each signature; and

(D) govern the closing date for the petition period.

Persons requesting forms may ~~not~~ be required to identify themselves **as owners of real property or registered voters** and may be allowed to pick up additional copies to distribute to other property owners **or registered voters**. **Each person signing a petition must indicate whether the person is signing the petition as a registered voter within the political subdivision or is signing the petition as the owner of real property within the political subdivision. A person who signs a petition as a registered voter must indicate the address at which the person is registered to vote. A person who signs a petition as a real property owner must indicate the address of the real property owned by the person in the political subdivision.**

(6) Each petition must be verified under oath by at least one (1) qualified petitioner in a manner prescribed by the state board of accounts before the petition is filed with the county ~~auditor~~ **county voter registration office** under subdivision (7).

(7) Each petition must be filed with the county ~~auditor~~ **county voter registration office** not more than thirty (30) days after publication under subdivision (2) of the notice of the preliminary determination.

(8) The county voter registration office shall determine whether each person who signed the petition is a registered voter. The county voter registration office shall not more than fifteen (15) business days after receiving a petition forward a copy of the petition to the county auditor. Not more than ten (10) business days after receiving the copy of the petition, the county auditor shall provide to the county voter registration office a statement verifying:

- (A) whether a person who signed the petition as a registered voter but is not a registered voter, as determined by the county voter registration office, is the owner of real property in the political subdivision; and
- (B) whether a person who signed the petition as an owner of real property within the political subdivision does in fact own real property within the political subdivision.

(9) The county voter registration office shall not more than ten (10) business days after receiving the statement from the county auditor under subdivision (8) make the final determination of the number of petitioners that are registered voters in the political subdivision and, based on the statement provided by the county auditor, the number of petitioners that own real property within the political subdivision. Whenever the name of an individual who signs a petition form as a registered voter contains a minor variation from the name of the registered voter as set forth in the records of the county voter registration office, the signature is presumed to be valid, and there is a presumption that the individual is entitled to sign the petition under this section. Except as otherwise provided in this chapter, in determining whether an individual is a registered voter, the county voter registration office shall apply the requirements and procedures used under IC 3

to determine whether a person is a registered voter for purposes of voting in an election governed by IC 3. However, an individual is not required to comply with the provisions concerning providing proof of identification to be considered a registered voter for purposes of this chapter. A person is entitled to sign a petition only one (1) time in a particular petition and remonstrance process under this chapter, regardless of whether the person owns more than one (1) parcel of real property within the subdivision and regardless of whether the person is both a registered voter in the political subdivision and the owner of real property within the political subdivision. Notwithstanding any other provision of this section, if a petition is presented to the county voter registration office within thirty-five (35) days before an election, the county voter registration office may defer acting on the petition, and the time requirements under this section for action by the county voter registration office do not begin to run until five (5) days after the date of the election.

~~(8)~~ **(10)** The county ~~auditor~~ **voter registration office** must file a certificate and each petition with:

(A) the township trustee, if the political subdivision is a township, who shall present the petition or petitions to the township board; or

(B) the body that has the authority to authorize the issuance of the bonds or the execution of a lease, if the political subdivision is not a township;

within ~~fifteen (15)~~ **thirty-five (35)** business days of the filing of the petition requesting a petition and remonstrance process. The certificate must state the number of petitioners that are owners of real property **within the political subdivision and the number of petitioners who are registered voters residing** within the political subdivision.

If a sufficient petition requesting a petition and remonstrance process is not filed by owners of real property **or registered voters** as set forth in this section, the political subdivision may issue bonds or enter into a lease by following the provisions of law relating to the bonds to be issued or lease to be entered into.

SECTION 61. IC 6-1.1-20-3.2, AS AMENDED BY P.L.2-2006, SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3.2. If a sufficient petition requesting the application of a petition and remonstrance process has been filed as set forth in section 3.1 of this chapter, a political subdivision may not impose property taxes to pay debt service or lease rentals without completing the following procedures:

(1) The proper officers of the political subdivision shall give notice of the applicability of the petition and remonstrance process by:

(A) publication in accordance with IC 5-3-1; and

(B) first class mail to the organizations described in section 3.1(1)(B) of this chapter.

A notice under this subdivision must include a statement that any owners of real property **within the political subdivision or registered voters residing** within the political subdivision who want to petition in favor of or remonstrate against the proposed debt service or lease payments must file petitions and remonstrances in compliance with subdivisions (2) through (4) not earlier than thirty (30) days or later than sixty

(60) days after publication in accordance with IC 5-3-1.

(2) Not earlier than thirty (30) days or later than sixty (60) days after the notice under subdivision (1) is given:

(A) petitions (described in subdivision (3)) in favor of the bonds or lease; and

(B) remonstrances (described in subdivision (3)) against the bonds or lease;

may be filed by an owner or owners of real property **within the political subdivision or a registered voter residing** within the political subdivision. Each signature on a petition must be dated and the date of signature may not be before the date on which the petition and remonstrance forms may be issued under subdivision (3). A petition described in clause (A) or a remonstrance described in clause (B) must be verified in compliance with subdivision (4) before the petition or remonstrance is filed with the county ~~auditor~~ **voter registration office** under subdivision (4).

(3) The state board of accounts shall design and, upon request by the county ~~auditor~~, **voter registration office**, deliver to the county ~~auditor~~ **voter registration office** or the county ~~auditor's~~ **voter registration office's** designated printer the petition and remonstrance forms to be used solely in the petition and remonstrance process described in this section. The county ~~auditor~~ **voter registration office** shall issue to an owner or owners of real property **within the political subdivision or a registered voter residing** within the political subdivision the number of petition or remonstrance forms requested by the owner or owners **or the registered voter**. Each form must be accompanied by instructions detailing the requirements that:

(A) the carrier and signers must be owners of real property **or registered voters**;

(B) the carrier must be a signatory on at least one (1) petition;

(C) after the signatures have been collected, the carrier must swear or affirm before a notary public that the carrier witnessed each signature;

(D) govern the closing date for the petition and remonstrance period; and

(E) apply to the carrier under section 10 of this chapter.

Persons requesting forms may ~~not~~ be required to identify themselves **as owners of real property or registered voters** and may be allowed to pick up additional copies to distribute to other property owners **or registered voters**. **Each person signing a petition or remonstrance must indicate whether the person is signing the petition or remonstrance as a registered voter within the political subdivision or is signing the petition or remonstrance as the owner of real property within the political subdivision. A person who signs a petition or remonstrance as a registered voter must indicate the address at which the person is registered to vote. A person who signs a petition or remonstrance as a real property owner must indicate the address of the real property owned by the person in the political subdivision.** The county ~~auditor~~ **voter registration office** may not issue a petition or remonstrance form earlier than twenty-nine (29) days after the notice is given under subdivision (1). The

county ~~auditor~~ **voter registration office** shall certify the date of issuance on each petition or remonstrance form that is distributed under this subdivision.

(4) The petitions and remonstrances must be verified in the manner prescribed by the state board of accounts and filed with the county ~~auditor~~ **voter registration office** within the sixty (60) day period described in subdivision (2) in the manner set forth in section 3.1 of this chapter relating to requests for a petition and remonstrance process.

(5) **The county voter registration office shall determine whether each person who signed the petition or remonstrance is a registered voter. The county voter registration office shall not more than fifteen (15) business days after receiving a petition or remonstrance forward a copy of the petition or remonstrance to the county auditor. Not more than ten (10) business days after receiving the copy of the petition or remonstrance, the county auditor shall provide to the county voter registration office a statement verifying:**

(A) whether a person who signed the petition or remonstrance as a registered voter but is not a registered voter, as determined by the county voter registration office, is the owner of real property in the political subdivision; and

(B) whether a person who signed the petition or remonstrance as an owner of real property within the political subdivision does in fact own real property within the political subdivision.

(6) **The county voter registration office shall not more than ten (10) business days after receiving the statement from the county auditor under subdivision (5) make the final determination of:**

(A) the number of registered voters in the political subdivision that signed a petition and, based on the statement provided by the county auditor, the number of owners of real property within the political subdivision that signed a petition; and

(B) the number of registered voters in the political subdivision that signed a remonstrance and, based on the statement provided by the county auditor, the number of owners of real property within the political subdivision that signed a remonstrance.

Whenever the name of an individual who signs a petition or remonstrance as a registered voter contains a minor variation from the name of the registered voter as set forth in the records of the county voter registration office, the signature is presumed to be valid, and there is a presumption that the individual is entitled to sign the petition or remonstrance under this section. Except as otherwise provided in this chapter, in determining whether an individual is a registered voter, the county voter registration office shall apply the requirements and procedures used under IC 3 to determine whether a person is a registered voter for purposes of voting in an election governed by IC 3. However, an individual is not required to comply with the provisions concerning providing proof of identification to be considered a registered voter for purposes of this chapter. A person is

entitled to sign a petition or remonstrance only one (1) time in a particular petition and remonstrance process under this chapter, regardless of whether the person owns more than one (1) parcel of real property within the subdivision and regardless of whether the person is both a registered voter in the political subdivision and the owner of real property within the political subdivision. Notwithstanding any other provision of this section, if a petition or remonstrance is presented to the county voter registration office within thirty-five (35) days before an election, the county voter registration office may defer acting on the petition or remonstrance, and the time requirements under this section for action by the county voter registration office do not begin to run until five (5) days after the date of the election.

~~(5)~~ (7) **The county ~~auditor~~ voter registration office** must file a certificate and the petition or remonstrance with the body of the political subdivision charged with issuing bonds or entering into leases within ~~fifteen (15)~~ **thirty-five (35)** business days of the filing of a petition or remonstrance under subdivision (4), whichever applies, containing ten thousand (10,000) signatures or less. The county ~~auditor~~ **voter registration office** may take an additional five (5) days to review and certify the petition or remonstrance for each additional five thousand (5,000) signatures up to a maximum of sixty (60) days. The certificate must state the number of petitioners and remonstrators that are owners of real property **within the political subdivision and the number of petitioners who are registered voters residing** within the political subdivision.

~~(6)~~ (8) **If a greater number of persons who are either owners of real property within the political subdivision or registered voters residing** within the political subdivision sign a remonstrance than the number that signed a petition, the bonds petitioned for may not be issued or the lease petitioned for may not be entered into. The proper officers of the political subdivision may not make a preliminary determination to issue bonds or enter into a lease for the controlled project defeated by the petition and remonstrance process under this section or any other controlled project that is not substantially different within one (1) year after the date of the county ~~auditor's~~ **voter registration office's** certificate under subdivision ~~(5)~~ (7). Withdrawal of a petition carries the same consequences as a defeat of the petition.

~~(7)~~ (9) **After a political subdivision has gone through the petition and remonstrance process set forth in this section, the political subdivision is not required to follow any other remonstrance or objection procedures under any other law (including section 5 of this chapter) relating to bonds or leases designed to protect owners of real property within the political subdivision from the imposition of property taxes to pay debt service or lease rentals. However, the political subdivision must still receive the approval of the department of local government finance required by:**

(A) IC 6-1.1-18.5-8; or

(B) IC 20-46-7-8, IC 20-46-7-9, and IC 20-46-7-10.

SECTION 62. IC 6-1.1-21-4, AS AMENDED BY P.L.228-2005, SECTION 22, IS AMENDED TO READ AS

FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 4. (a) Each year the department shall allocate from the property tax replacement fund an amount equal to the sum of:

- (1) each county's total eligible property tax replacement amount for that year; plus
- (2) the total amount of homestead tax credits that are provided under IC 6-1.1-20.9 and allowed by each county for that year; plus
- (3) an amount for each county that has one (1) or more taxing districts that contain all or part of an economic development district that meets the requirements of section 5.5 of this chapter. This amount is the sum of the amounts determined under the following STEPS for all taxing districts in the county that contain all or part of an economic development district:

STEP ONE: Determine that part of the sum of the amounts under section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable to the taxing district.

STEP TWO: Divide:

- (A) that part of the subdivision (1) amount that is attributable to the taxing district; by
- (B) the STEP ONE sum.

STEP THREE: Multiply:

- (A) the STEP TWO quotient; times
- (B) the taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

(b) Except as provided in subsection (e), between March 1 and August 31 of each year, the department shall distribute to each county treasurer from the property tax replacement fund one-half (1/2) of the estimated distribution for that year for the county. Between September 1 and December 15 of that year, the department shall distribute to each county treasurer from the property tax replacement fund the remaining one-half (1/2) of each estimated distribution for that year. The amount of the distribution for each of these periods shall be according to a schedule determined by the property tax replacement fund board under section 10 of this chapter. The estimated distribution for each county may be adjusted from time to time by the department to reflect any changes in the total county tax levy upon which the estimated distribution is based.

(c) On or before December 31 of each year or as soon thereafter as possible, the department shall make a final determination of the amount which should be distributed from the property tax replacement fund to each county for that calendar year. This determination shall be known as the final determination of distribution. The department shall distribute to the county treasurer or receive back from the county treasurer any deficit or excess, as the case may be, between the sum of the distributions made for that calendar year based on the estimated distribution and the final determination of distribution. The final determination of distribution shall be based on the auditor's abstract filed with the auditor of state, adjusted for postabstract adjustments included in the December settlement sheet for the year, and such additional information as the department may require.

(d) All distributions provided for in this section shall be made on warrants issued by the auditor of state drawn on the treasurer of state. If the amounts allocated by the department from the property tax replacement fund exceed in the aggregate the balance of money

in the fund, then the amount of the deficiency shall be transferred from the state general fund to the property tax replacement fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the payment of that amount. However, any amount transferred under this section from the general fund to the property tax replacement fund shall, as soon as funds are available in the property tax replacement fund, be retransferred from the property tax replacement fund to the state general fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the replacement of that amount.

(e) Except as provided in subsection (g) and subject to subsection (h), the department shall not distribute under subsection (b) and section 10 of this chapter a percentage, determined by the department, of the money that would otherwise be distributed to the county under subsection (b) and section 10 of this chapter if:

- (1) by the date the distribution is scheduled to be made, the county auditor has not sent a certified statement required to be sent by that date under IC 6-1.1-17-1 to the department of local government finance;
- (2) by the deadline under IC 36-2-9-20, the county auditor has not transmitted data as required under that section;
- (3) the county assessor has not forwarded to the department of local government finance the duplicate copies of all approved exemption applications required to be forwarded by that date under IC 6-1.1-11-8(a);
- (4) the county assessor has not forwarded to the department of local government finance in a timely manner sales disclosure **forms form data** under ~~IC 6-1.1-5.5-3(b)~~; **IC 6-1.1-5.5-3(h)**;
- (5) local assessing officials have not provided information to the department of local government finance in a timely manner under IC 4-10-13-5(b);
- (6) the county auditor has not paid a bill for services under IC 6-1.1-4-31.5 to the department of local government finance in a timely manner;
- (7) the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor has not transmitted to the department of local government finance by October 1 of the year in which the distribution is scheduled to be made the data for all townships in the county required to be transmitted under IC 6-1.1-4-25(b);
- (8) the county has not established a parcel index numbering system under 50 IAC 12-15-1 in a timely manner; or
- (9) a township or county official has not provided other information to the department of local government finance in a timely manner as required by the department.

(f) Except as provided in subsection (i), money not distributed for the reasons stated in subsection (e) shall be distributed to the county when the department of local government finance determines that the failure to:

- (1) provide information; or
- (2) pay a bill for services;

has been corrected.

(g) The restrictions on distributions under subsection (e) do not apply if the department of local government finance determines that the failure to:

- (1) provide information; or

(2) pay a bill for services; in a timely manner is justified by unusual circumstances.

(h) The department shall give the county auditor at least thirty (30) days notice in writing before withholding a distribution under subsection (e).

(i) Money not distributed for the reason stated in subsection (e)(6) may be deposited in the fund established by IC 6-1.1-5.5-4.7(a). Money deposited under this subsection is not subject to distribution under subsection (f).

SECTION 63. IC 6-1.1-21-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 5. (a) Each year the taxpayers of each county shall receive a credit for property tax replacement in the amount of each taxpayer's property tax replacement credit amount for taxes which:

(1) under IC 6-1.1-22-9 are due and payable in ~~May and November~~ of that year; or

(2) under IC 6-1.1-22-9.5 are due in installments established by the department of local government finance for that year.

The credit shall be applied to each installment of taxes. The dollar amount of the credit for each taxpayer shall be determined by the county auditor, based on data furnished by the department of local government finance.

(b) The tax liability of a taxpayer for the purpose of computing the credit for a particular year shall be based upon the taxpayer's tax liability as is evidenced by the tax duplicate for the taxes payable in that year, plus the amount by which the tax payable by the taxpayer had been reduced due to the application of county adjusted gross income tax revenues to the extent the county adjusted gross income tax revenues were included in the determination of the total county tax levy for that year, as provided in sections 2(g) and 3 of this chapter, adjusted, however, for any change in assessed valuation which may have been made pursuant to a post-abstract adjustment if the change is set forth on the tax statement or on a corrected tax statement stating the taxpayer's tax liability, as prepared by the county treasurer in accordance with IC 6-1.1-22-8(a). However, except when using the term under section 2(1)(1) of this chapter, the tax liability of a taxpayer does not include the amount of any property tax owed by the taxpayer that is attributable to that part of any property tax levy subtracted under section 2(g)(1)(B), 2(g)(1)(C), 2(g)(1)(D), 2(g)(1)(E), 2(g)(1)(F), 2(g)(1)(G), 2(g)(1)(H), 2(g)(1)(I), 2(g)(1)(J), or 2(g)(1)(K) of this chapter in computing the total county tax levy.

(c) The credit for taxes payable in a particular year with respect to mobile homes which are assessed under IC 6-1.1-7 is equivalent to the taxpayer's property tax replacement credit amount for the taxes payable with respect to the assessments plus the adjustments stated in this section.

(d) Each taxpayer in a taxing district that contains all or part of an economic development district that meets the requirements of section 5.5 of this chapter is entitled to an additional credit for property tax replacement. This credit is equal to the product of:

(1) the STEP TWO quotient determined under section 4(a)(3) of this chapter for the taxing district; multiplied by

(2) the taxpayer's taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

SECTION 64. IC 6-1.1-22-9, AS AMENDED BY P.L.67-2006, SECTION 7, IS AMENDED TO READ AS FOLLOWS

[EFFECTIVE JANUARY 1, 2008]: Sec. 9. (a) Except as provided in subsections (b) and (c) the property taxes assessed for a year under this article are due in two (2) equal installments on May 10 and November 10 of the following year.

(b) Subsection (a) does not apply if any of the following apply to the property taxes assessed for the year under this article:

(1) Subsection (c).

(2) Subsection (d).

(3) Subsection (h).

(4) Subsection (i).

~~(5) IC 6-1.1-7-7.~~

~~(6) Section 9.5 of this chapter.~~

(c) A county council may adopt an ordinance to require a person to pay the person's property tax liability in one (1) installment, if the tax liability for a particular year is less than twenty-five dollars (\$25). If the county council has adopted such an ordinance, then whenever a tax statement mailed under section 8 of this chapter shows that the person's property tax liability for a year is less than twenty-five dollars (\$25) for the property covered by that statement, the tax liability for that year is due in one (1) installment on May 10 of that year.

(d) If the county treasurer receives a copy of an appeal petition under IC 6-1.1-18.5-12(g) or IC 6-1.1-19-2(g) before the county treasurer mails or transmits statements under section 8(a) of this chapter, the county ~~auditor treasurer~~ may:

(1) mail or transmit the statements without regard to the pendency of the appeal and, if the resolution of the appeal by the department of local government finance results in changes in levies, mail or transmit reconciling statements under subsection (e); or

(2) delay the mailing or transmission of statements under section 8(a) of this chapter so that:

(A) the due date of the first installment that would otherwise be due under subsection (a) is delayed by not more than sixty (60) days; and

(B) all statements reflect any changes in levies that result from the resolution of the appeal by the department of local government finance.

(e) A reconciling statement under subsection (d)(1) must indicate:

(1) the total amount due for the year;

(2) the total amount of the installments paid that did not reflect the resolution of the appeal under IC 6-1.1-18.5-12(g) or IC 6-1.1-19-2(g) by the department of local government finance;

(3) if the amount under subdivision (1) exceeds the amount under subdivision (2), the adjusted amount that is payable by the taxpayer:

(A) as a final reconciliation of all amounts due for the year; and

(B) not later than:

(i) November 10; or

(ii) the date or dates established under section 9.5 of this chapter; and

(4) if the amount under subdivision (2) exceeds the amount under subdivision (1), that the taxpayer may claim a refund of the excess under IC 6-1.1-26.

(f) If property taxes are not paid on or before the due date, the penalties prescribed in IC 6-1.1-37-10 shall be added to the delinquent taxes.

(g) Notwithstanding any other law, a property tax liability of less than five dollars (\$5) is increased to five dollars (\$5). The difference between the actual liability and the five dollar (\$5) amount that appears on the statement is a statement processing charge. The statement processing charge is considered a part of the tax liability.

(h) If in a county the notices of general reassessment under IC 6-1.1-4-4 or notices of assessment under IC 6-1.1-4-4.5 for an assessment date in a calendar year are given to the taxpayers in the county after March 26 of the immediately succeeding calendar year, the property taxes that would otherwise be due under subsection (a) on May 10 of the immediately succeeding calendar year are due on the later of:

- (1) May 10 of the immediately succeeding calendar year; or
- (2) forty-five (45) days after the notices are given to taxpayers in the county.

(i) If subsection (h) applies, the property taxes that would otherwise be due under subsection (a) on November 10 of the immediately succeeding calendar year referred to in subsection (h) are due on the later of:

- (1) November 10 of the immediately succeeding calendar year; or
- (2) a date determined by the county treasurer that is not later than December 31 of the immediately succeeding calendar year.

SECTION 65. IC 6-1.1-22.5-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 8. A provisional statement must:

- (1) be on a form approved by the state board of accounts;
- (2) except as provided in emergency rules adopted under section 20 of this chapter, indicate tax liability in the amount of ninety percent (90%) of the tax liability that was payable in the same year as the assessment date for the property for which the provisional statement is issued;
- (3) indicate:
 - (A) that the tax liability under the provisional statement is determined as described in subdivision (2); and
 - (B) that property taxes billed on the provisional statement:
 - (i) are due and payable in the same manner as property taxes billed on a tax statement under IC 6-1.1-22-8; and
 - (ii) will be credited against a reconciling statement;
- (4) include a statement in the following or a substantially similar form, as determined by the department of local government finance:

"Under Indiana law, _____ County (insert county) has elected to send provisional statements because the county did not complete the abstract of the property, assessments, taxes, deductions, and exemptions for taxes payable in (insert year) in each taxing district before March 16, (insert year). The statement is due to be paid in installments on ~~May 10~~ _____ (insert date) and ~~November 10~~ _____ (insert date). The statement is based on ninety percent (90%) of your tax liability for taxes payable in (insert year), subject to adjustment for any new construction on your property or

any damage to your property. After the abstract of property is complete, you will receive a reconciling statement in the amount of your actual tax liability for taxes payable in (insert year), minus the amount you pay under this provisional statement.";

(5) indicate liability for:

- (A) delinquent:
 - (i) taxes; and
 - (ii) special assessments;
- (B) penalties; and
- (C) interest;

is allowed to appear on the tax statement under IC 6-1.1-22-8 for the ~~May~~ first installment of property taxes in the year in which the provisional tax statement is issued; and

(6) include any other information the county treasurer requires.

SECTION 66. IC 6-1.1-22.5-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 9. (a) Except as provided in subsection (b), subsection (c), and section 12 of this chapter, property taxes billed on a provisional statement are due in two (2) equal installments on May 10 and November 10 of the year following the assessment date covered by the provisional statement.

(b) If in a county the notices of general reassessment under IC 6-1.1-4-4 or notices of assessment under IC 6-1.1-4-4.5 for an assessment date in a calendar year are given to the taxpayers in the county after March 26 of the immediately succeeding calendar year, the property taxes that would otherwise be due under subsection (a) on May 10 of the immediately succeeding calendar year are due on the later of:

- (1) May 10 of the immediately succeeding calendar year; or
- (2) forty-five (45) days after the mailing or transmittal of provisional statements.

(c) If subsection (b) applies, the property taxes that would otherwise be due under subsection (a) on November 10 of the immediately succeeding calendar year referred to in subsection (b) are due on the later of:

- (1) November 10 of the immediately succeeding calendar year; or
- (2) a date determined by the county treasurer that is not later than December 31 of the immediately succeeding calendar year.

SECTION 67. IC 6-1.1-22.5-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 12. (a) Except as provided by subsection (c), each reconciling statement must indicate:

- (1) the actual property tax liability under this article on the assessment determined for the assessment date for the property for which the reconciling statement is issued;
- (2) the total amount paid under the provisional statement for the property for which the reconciling statement is issued;
- (3) if the amount under subdivision (1) exceeds the amount under subdivision (2), that the excess is payable by the taxpayer:
 - (A) as a final reconciliation of the tax liability; and
 - (B) not later than:
 - (i) thirty (30) days after the date of the reconciling

statement; or

(ii) if the county treasurer requests in writing that the commissioner designate a later date, the date designated by the commissioner; and

(4) if the amount under subdivision (2) exceeds the amount under subdivision (1), that the taxpayer may claim a refund of the excess under IC 6-1.1-26.

(b) If, upon receipt of the abstract referred to in section 6 of this chapter, the county treasurer determines that it is possible to complete the:

- (1) preparation; and
- (2) mailing or transmittal;

of the reconciling statement at least thirty (30) days before the due date of the **November second** installment specified in the provisional statement, the county treasurer may request in writing that the department of local government finance permit the county treasurer to issue a reconciling statement that adjusts the amount of the **November second** installment that was specified in the provisional statement. If the department approves the county treasurer's request, the county treasurer shall prepare and mail or transmit the reconciling statement at least thirty (30) days before the due date of the **November second** installment specified in the provisional statement.

(c) A reconciling statement prepared under subsection (b) must indicate:

- (1) the actual property tax liability under this article on the assessment determined for the assessment date for the property for which the reconciling statement is issued;
- (2) the total amount of the **May first** installment paid under the provisional statement for the property for which the reconciling statement is issued;
- (3) if the amount under subdivision (1) exceeds the amount under subdivision (2), the adjusted amount of the **November second** installment that is payable by the taxpayer:
 - (A) as a final reconciliation of the tax liability; and
 - (B) not later than:
 - (i) November 10; or
 - (ii) if the county treasurer requests in writing that the commissioner designate a later date, the date designated by the commissioner; and
- (4) if the amount under subdivision (2) exceeds the amount under subdivision (1), that the taxpayer may claim a refund of the excess under IC 6-1.1-26.

SECTION 68. IC 6-1.1-22.5-18 IS AMENDED TO READ AS FOLLOWS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 18. For purposes of IC 6-1.1-24-1(a)(1):

- (1) the **May first** installment on a provisional statement is considered to be the taxpayer's spring installment of property taxes;
- (2) except as provided in subdivision (3), payment on a reconciling statement is considered to be due before the due date of the **May first** installment of property taxes payable in the following year; and
- (3) payment on a reconciling statement described in section 12(b) of this chapter is considered to be the taxpayer's fall installment of property taxes.

SECTION 69. IC 6-1.1-26-2 IS AMENDED TO READ AS

FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) The county auditor shall forward a claim for refund filed under section 1 of this chapter to the department of local government finance for review by the department if:

- (1) the claim is for the refund of taxes paid on an assessment made or determined by the state board of tax commissioners (before the board was abolished) or the department of local government finance; and
- (2) the claim is based upon the grounds specified in section 1(4)(B) or 1(4)(C) of this chapter.

(b) The department of local government finance shall review each refund claim forwarded to it under this section. The department shall certify its approval or disapproval on the claim and shall return the claim to the county auditor.

(c) Before the department of local government finance disapproves a refund claim that is forwarded to it under this section, the department shall notify the claimant of its intention to disapprove the claim and of the time and place fixed for a hearing on the claim. The department shall hold the hearing within thirty (30) days after the date of the notice. The claimant has a right to be heard at the hearing. After the hearing, the department shall give the claimant notice of the department's final determination on the claim.

(d) If a person desires to initiate an appeal of the final determination of the department of local government finance to disapprove a claim under subsection (c), the person shall file a petition for review with the appropriate county assessor not more than forty-five (45) days after the department gives the person notice of the final determination.

(e) If a person desires to initiate a proceeding for judicial review of the Indiana board's final determination under subsection (d), the person must petition for judicial review under ~~IC 4-21.5-5~~ **IC 6-1.1-15-5** not more than forty-five (45) days after the Indiana board gives the person notice of the final determination.

SECTION 70. IC 6-1.1-26-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) A refund claim which is filed under section 1 of this chapter and which is not subject to review by the department of local government finance under section 2 of this chapter shall be either approved or disapproved by the county auditor, the county treasurer, and the county assessor.

(b) If the claim for refund is disapproved by either the county auditor, the county treasurer, or the county assessor, the claimant may appeal that decision to the Indiana board. The claimant must initiate the appeal and the Indiana board shall hear the appeal in the same manner that assessment appeals are heard by the Indiana board.

(c) If a person desires to initiate a proceeding for judicial review of the Indiana board's final determination under this section, the person must petition for judicial review under ~~IC 4-21.5-5~~ **IC 6-1.1-15-5** not more than forty-five (45) days after the Indiana board gives the person notice of the final determination.

SECTION 71. IC 6-1.1-26-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) A county auditor shall submit a refund claim filed under section 1 of this chapter to the county board of commissioners for final review after the appropriate county officials either approve or disapprove the claim and, if the claim is disapproved, an appeal to the Indiana

board is not initiated under section 3 of this chapter.

(b) The county board of commissioners shall disallow a refund claim if it was disapproved by one (1) of the appropriate county officials and an appeal to the Indiana board was not initiated under section 3 of this chapter.

(c) Except as provided in subsection (b) of this section, the county board of commissioners may either allow or disallow a refund claim which is submitted to it for final review. If the county board disallows a claim, the claimant may appeal that decision to the Indiana board.

(d) The Indiana board shall hear an appeal under subsection (c) in the same manner that assessment appeals are heard.

(e) If a person desires to initiate a proceeding for judicial review of the Indiana board's final determination under this section, the person must petition for judicial review under ~~IC 4-21.5-5~~ **IC 6-1.1-15-5** not more than forty-five (45) days after the Indiana board gives the person notice of the final determination.

SECTION 72. IC 6-1.1-28-1, AS AMENDED BY P.L.228-2005, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) Each county shall have a county property tax assessment board of appeals composed of individuals who are at least eighteen (18) years of age and knowledgeable in the valuation of property. In addition to the county assessor, only one (1) other individual who is an officer or employee of a county or township may serve on the board of appeals in the county in which the individual is an officer or employee. Subject to subsections (d) and (e), the fiscal body of the county shall appoint two (2) individuals to the board. At least one (1) of the members appointed by the county fiscal body must be a certified level two **or level three** assessor-appraiser. Subject to subsections (d) and (e), the board of commissioners of the county shall appoint two (2) freehold members so that not more than three (3) of the five (5) members may be of the same political party and so that at least three (3) of the five (5) members are residents of the county. At least one (1) of the members appointed by the board of county commissioners must be a certified level two **or level three** assessor-appraiser. If the county assessor is a certified level two **or level three** assessor-appraiser, the board of county commissioners may waive the requirement in this subsection that one (1) of the freehold members appointed by the board of county commissioners must be a certified level two **or level three** assessor-appraiser. A person appointed to a property tax assessment board of appeals may serve on the property tax assessment board of appeals of another county at the same time. The members of the board shall elect a president. The employees of the county assessor shall provide administrative support to the property tax assessment board of appeals. The county assessor is a voting member of the property tax assessment board of appeals. The county assessor shall serve as secretary of the board. The secretary shall keep full and accurate minutes of the proceedings of the board. A majority of the board that includes at least one (1) certified level two **or level three** assessor-appraiser constitutes a quorum for the transaction of business. Any question properly before the board may be decided by the agreement of a majority of the whole board.

(b) The county assessor, county fiscal body, and board of county commissioners may agree to waive the requirement in subsection (a) that not more than three (3) of the five (5) members of the county

property tax assessment board of appeals may be of the same political party if it is necessary to waive the requirement due to the absence of certified level two **or level three** Indiana assessor-appraisers:

- (1) who are willing to serve on the board; and
- (2) whose political party membership status would satisfy the requirement in subsection (c)(1).

(c) If the board of county commissioners is not able to identify at least two (2) prospective freehold members of the county property tax assessment board of appeals who are:

- (1) residents of the county;
- (2) certified level two **or level three** Indiana assessor-appraisers; and
- (3) willing to serve on the county property tax assessment board of appeals;

it is not necessary that at least three (3) of the five (5) members of the county property tax assessment board of appeals be residents of the county.

(d) Except as provided in subsection (e), the term of a member of the county property tax assessment board of appeals appointed under subsection (a):

- (1) is one (1) year; and
- (2) begins January 1.

(e) If:

- (1) the term of a member of the county property tax assessment board of appeals appointed under subsection (a) expires;
- (2) the member is not reappointed; and
- (3) a successor is not appointed;

the term of the member continues until a successor is appointed.

SECTION 73. IC 6-1.1-28-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) Subject to the limitations contained in subsection (b), a county on behalf of the property tax assessment board of appeals may employ and fix the compensation of as many field representatives and hearing examiners as are necessary to promptly and efficiently perform the duties and functions of the board. A person employed under this subsection must be a person who is certified in Indiana as a level two **or level three** assessor-appraiser by the department of local government finance.

(b) The number and compensation of all persons employed under this section are subject to the appropriations made for that purpose by the county council.

SECTION 74. IC 6-1.1-30-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. ~~(a)~~ The department of local government finance:

- (1) shall see that the property taxes due this state are collected;
- (2) shall see that the penalties prescribed under this article are enforced;
- (3) shall investigate the property tax laws and systems of other states and countries; ~~and~~

(4) for assessment dates after December 31, 2008, shall conduct all ratio studies required for:

(A) equalization under 50 IAC 14; and

(B) annual adjustments under 50 IAC 21; and

~~(4)~~ **(5) may recommend changes in this state's property tax**

laws to the general assembly.

(b) The department of local government finance shall see that personal property assessments are correctly and completely reported by annually conducting audits of a sampling of personal property assessment returns throughout the state. Audits under this subsection shall be conducted by department personnel.

SECTION 75. IC 6-1.1-35.5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. The department of local government finance shall:

- (1) conduct an assessor-appraiser examination and certification program for level one and level two certifications; and
- (2) administer a level three assessor-appraiser certification program.

The department shall design and implement the program programs in a manner that maximizes the number of certified assessor-appraisers involved in the assessment process.

SECTION 76. IC 6-1.1-35.5-4.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4.5. (a) The department of local government finance shall:

- (1) administer a program for level three assessor-appraiser certifications; and
- (2) design a curriculum for level three assessor-appraiser certification candidates that:
 - (A) consists of tested courses offered by nationally recognized assessing organizations; and
 - (B) requires superior knowledge of assessment administration and property valuation concepts.

(b) The department of local government finance may adopt rules under IC 4-22-2 to implement this section.

SECTION 77. IC 6-1.1-35.5-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. A county or township assessor, a member or hearing officer of the county property tax assessment board of appeals, or a member of the public may apply for and take the level one examination. A person who is successful on the level one examination may apply for and take the level two examination. **A person who is successful on the level two examination may apply for level three certification.**

SECTION 78. IC 6-1.1-35.5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) The department of local government finance shall certify all persons who successfully perform on an examination **complete a certification** under this chapter and shall furnish each successful ~~examinee certification applicant~~ with a certificate that prominently displays the **person's name of the successful examinee** and the fact that the person is a level one, ~~or~~ level two, ~~or~~ level three certified Indiana assessor-appraiser.

(b) The department of local government finance shall revoke the certification of an individual if the department reasonably determines that the individual committed fraud or misrepresentation with respect to:

- (1) the preparation, administration, or taking of the examination for level one or level two certification; or
- (2) completion of the curriculum for level three certification.

The department of local government finance shall give notice and hold a hearing to consider all of the evidence about the fraud or

misrepresentation before deciding whether to revoke the individual's certification.

SECTION 79. IC 6-1.1-35.5-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) **With respect to level one and level two certifications**, the department of local government finance shall establish a fair and reasonable fee for examination and certification under this chapter. However, the fee does not apply to an elected assessing official, a county assessor, a member of, and hearing officers for, a county property tax assessment board of appeals, or an employee of an elected assessing official, county assessor, or county property tax assessment board of appeals who is taking the level one examination or the level two examination for the first time.

(b) The assessing official training account is established as an account within the state general fund. All fees collected by the department of local government finance shall be deposited in the account. The account shall be administered by the department of local government finance and does not revert to the state general fund at the end of a fiscal year. The department of local government finance may use money in the account for:

- (1) testing and training of assessing officials, county assessors, members of a county property tax assessment board of appeals, and employees of assessing officials, county assessors, or the county property tax assessment board of appeals; and
- (2) administration of the level three certification program under section 4.5 of this chapter.

SECTION 80. IC 6-1.1-35.5-8.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8.5. (a) **This section applies only to level one and level two assessor-appraiser certifications.**

(b) The department of local government finance may adopt rules under IC 4-22-2 to implement this chapter. The department of local government finance shall adopt rules to set:

- (1) minimum requirements for initial certification after December 31, 2001, under this chapter;
- (2) continuing education requirements for the renewal of a certification after December 31, 2001, under this chapter; and
- (3) procedures for renewing a certification issued under this chapter, including a certification issued before January 1, 1999, for a person who meets the certification requirements set under subdivision (2).

The rules must also establish procedures for disciplinary action against a certificate holder that fails to comply with the statutes or rules applicable to the certificate holder. The rules adopted under subdivisions (2) and (3) may not require testing to renew or maintain a certification under this chapter.

SECTION 81. IC 6-1.1-37-9, AS AMENDED BY P.L.67-2006, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) This section applies when:

- (1) an assessment is made or increased after the date or dates on which the taxes for the year for which the assessment is made were originally due;
- (2) the assessment upon which a taxpayer has been paying taxes under IC 6-1.1-15-10(a)(1) or IC 6-1.1-15-10(a)(2) while a petition for review or a judicial proceeding has been

pending is less than the assessment that results from the final determination of the petition for review or judicial proceeding; or

(3) the collection of certain ad valorem property taxes has been ~~stayed~~ **enjoined** under ~~IC 4-21.5-5-9~~, **IC 33-26-6-2**, and under the final determination of the petition for judicial review the taxpayer is liable for at least part of those taxes.

(b) Except as provided in subsections (c) and (g), a taxpayer shall pay interest on the taxes the taxpayer is required to pay as a result of an action or a determination described in subsection (a) at the rate of ten percent (10%) per year from the original due date or dates for those taxes to:

- (1) the date of payment; or
- (2) the date on which penalties for the late payment of a tax installment may be charged under subsection (e) or (f);

whichever occurs first.

(c) Except as provided in subsection (g), a taxpayer shall pay interest on the taxes the taxpayer is ultimately required to pay in excess of the amount that the taxpayer is required to pay under IC 6-1.1-15-10(a)(1) while a petition for review or a judicial proceeding has been pending at the overpayment rate established under Section 6621(c)(1) of the Internal Revenue Code in effect on the original due date or dates for those taxes from the original due date or dates for those taxes to:

- (1) the date of payment; or
- (2) the date on which penalties for the late payment of a tax installment may be charged under subsection (e) or (f);

whichever occurs first.

(d) With respect to an action or determination described in subsection (a), the taxpayer shall pay the taxes resulting from that action or determination and the interest prescribed under subsection (b) or (c) on or before:

- (1) the next May 10; or
- (2) the next November 10;

whichever occurs first.

(e) A taxpayer shall, to the extent that the penalty is not waived under section 10.5 or 10.7 of this chapter, begin paying the penalty prescribed in section 10 of this chapter on the day after the date for payment prescribed in subsection (d) if:

- (1) the taxpayer has not paid the amount of taxes resulting from the action or determination; and
- (2) the taxpayer either:

(A) received notice of the taxes the taxpayer is required to pay as a result of the action or determination at least thirty (30) days before the date for payment; or

(B) voluntarily signed and filed an assessment return for the taxes.

(f) If subsection (e) does not apply, a taxpayer who has not paid the amount of taxes resulting from the action or determination shall, to the extent that the penalty is not waived under section 10.5 or 10.7 of this chapter, begin paying the penalty prescribed in section 10 of this chapter on:

- (1) the next May 10 which follows the date for payment prescribed in subsection (d); or
- (2) the next November 10 which follows the date for payment prescribed in subsection (d);

whichever occurs first.

(g) A taxpayer is not subject to the payment of interest on real property assessments under subsection (b) or (c) if:

(1) an assessment is made or increased after the date or dates on which the taxes for the year for which the assessment is made were due;

(2) the assessment or the assessment increase is made as the result of error or neglect by the assessor or by any other official involved with the assessment of property or the collection of property taxes; and

(3) the assessment:

(A) would have been made on the normal assessment date if the error or neglect had not occurred; or

(B) increase would have been included in the assessment on the normal annual assessment date if the error or neglect had not occurred.

SECTION 82. IC 6-1.1-37-10, AS AMENDED BY P.L.154-2006, SECTION 55, AND AS AMENDED BY P.L.67-2006, SECTION 11, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]:
Sec. 10. (a) Except as provided in ~~section~~ *sections 10.5 and 10.7* of this chapter, if an installment of property taxes is not completely paid on or before the due date, a penalty ~~equal to ten percent (10%) of the amount of delinquent taxes~~ shall be added to the unpaid portion in the year of the initial delinquency. *The penalty is equal to an amount determined as follows:*

(1) *If:*

(A) *an installment of real property taxes is completely paid on or before the date thirty (30) days after the due date; and*

(B) *the taxpayer is not liable for delinquent property taxes first due and payable in a previous year installment for the same parcel;*

the amount of the penalty is equal to five percent (5%) of the amount of delinquent taxes.

(2) *If:*

(A) an installment of personal property taxes is completely paid on or before the date thirty (30) days after the due date; and

(B) the taxpayer is not liable for delinquent property taxes first due and payable in a previous installment for a personal property tax return for property in the same taxing district;

the amount of the penalty is equal to five percent (5%) of the amount of delinquent taxes.

~~(3)~~ *If subdivision (1) or (2) does not apply, the amount of the penalty is equal to ten percent (10%) of the amount of delinquent taxes.*

(b) With respect to property taxes due in two (2) equal installments under IC 6-1.1-22-9(a), on the day immediately following the due dates ~~in May and November~~ **of the first and second installments** in each year following the year of the initial delinquency, an additional penalty equal to ten percent (10%) of any taxes remaining unpaid shall be added. With respect to property taxes due in installments under IC 6-1.1-22-9.5, an additional penalty equal to ten percent (10%) of any taxes remaining unpaid shall be added on the day immediately following each date that succeeds the last installment due date by:

- (1) six (6) months; or

(2) a multiple of six (6) months.

(c) The penalties under subsection (b) are imposed only on the principal amount of the delinquent taxes.

(d) If the department of local government finance determines that an emergency has occurred which precludes the mailing of the tax statement in any county at the time set forth in IC 6-1.1-22-8, the department shall establish by order a new date on which the installment of taxes in that county is due and no installment is delinquent if paid by the date so established.

(e) If any due date falls on a Saturday, a Sunday, a national legal holiday recognized by the federal government, or a statewide holiday, the act that must be performed by that date is timely if performed by the next succeeding day that is not a Saturday, a Sunday, or one (1) of those holidays.

(f) *Subject to subsections (g) and (h)*, a payment to the county treasurer is considered to have been paid by the due date if the payment is:

(1) received on or before the due date ~~to~~ by the county treasurer or a collecting agent appointed by the county treasurer;

(2) deposited in ~~the~~ United States *first class* mail:

(A) properly addressed to the principal office of the county treasurer;

(B) with sufficient postage; and

(C) ~~certified or~~ postmarked by the United States Postal Service as mailed on or before the due date; ~~or~~

(3) deposited with a nationally recognized express parcel carrier and is:

(A) properly addressed to the principal office of the county treasurer; and

(B) verified by the express parcel carrier as:

(i) paid in full for final delivery; and

(ii) received by the express parcel carrier on or before the due date;

(4) *deposited to be mailed through United States registered mail, United States certified mail, or United States certificate of mailing:*

(A) *properly addressed to the principal office of the county treasurer;*

(B) *with sufficient postage; and*

(C) *with a date of registration, certification, or certificate, as evidenced by any record authenticated by the United States Postal Service, on or before the due date; or*

(5) *made by an electronic fund funds transfer and the taxpayer's bank account is charged on or before the due date.*

For purposes of this subsection, "postmarked" does not mean the date printed by a postage meter that affixes postage to the envelope or package containing a payment.

(g) *If a payment is mailed through the United States mail and is physically received after the due date without a legible correct postmark, the person who mailed the payment is considered to have made the payment on or before the due date if the person can show by reasonable evidence that the payment was deposited in the United States mail on or before the due date.*

(h) *If a payment is sent via the United States mail or a nationally recognized express parcel carrier but is not received by the designated recipient, the person who sent the payment is*

considered to have made the payment on or before the due date if the person:

(1) can show by reasonable evidence that the payment was deposited in the United States mail, or with the express parcel carrier, on or before the due date; and

(2) makes a duplicate payment within thirty (30) days after the date the person is notified that the payment was not received.

SECTION 83. IC 6-1.1-39-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 6. (a) An economic development district may be enlarged by the fiscal body by following the same procedure for the creation of an economic development district specified in this chapter. Property taxes that are attributable to the additional area and allocable to the economic development district are not eligible for the property tax replacement credit provided by IC 6-1.1-21-5. However, subject to subsection (c) and except as provided in subsection (f), each taxpayer in an additional area is entitled to an additional credit for taxes (as defined in IC 6-1.1-21-2) that under IC 6-1.1-22-9 are due and payable in ~~May and November of~~ that year. Except as provided in subsection (f), one-half (1/2) of the credit shall be applied to each installment of taxes (as defined in IC 6-1.1-21-2). This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district in a county that contains all or part of the additional area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of the county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that would have been allocated to a special fund under section 5 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated to the economic development district and paid into a special fund under section 5(a) of this chapter.

(b) If the additional credit under subsection (a) is not reduced under subsection (c) or (d), the credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (a) shall be computed on an aggregate basis for all taxpayers in a taxing district that contains all or part of an additional area. The credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (a) shall be combined on the tax statements sent to each taxpayer.

(c) The county fiscal body may, by ordinance, provide that the additional credit described in subsection (a):

(1) does not apply in a specified additional area; or

(2) is to be reduced by a uniform percentage for all taxpayers in a specified additional area.

(d) Whenever the county fiscal body determines that granting the full additional credit under subsection (a) would adversely affect the interests of the holders of bonds or other contractual obligations that are payable from allocated tax proceeds in that economic development district in a way that would create a reasonable expectation that those bonds or other contractual obligations would not be paid when due, the county fiscal body must adopt an ordinance under subsection (c) to deny the additional credit or reduce the additional credit to a level that creates a reasonable expectation that the bonds or other obligations will be paid when due. An ordinance adopted under subsection (c) denies or reduces the additional credit for taxes (as defined in IC 6-1.1-21-2) first due and payable in any year following the year in which the ordinance is adopted.

(e) An ordinance adopted under subsection (c) remains in effect until the ordinance is rescinded by the body that originally adopted the ordinance. However, an ordinance may not be rescinded if the rescission would adversely affect the interests of the holders of bonds or other obligations that are payable from allocated tax proceeds in that economic development district in a way that would create a reasonable expectation that the principal of or interest on the bonds or other obligations would not be paid when due. If an ordinance is rescinded and no other ordinance is adopted, the additional credit described in subsection (a) applies to taxes (as defined in IC 6-1.1-21-2) first due and payable in each year following the year in which the resolution is rescinded.

(f) This subsection applies to an additional area only to the extent that the net assessed value of property that is assessed as residential property under the rules of the department of local government finance is not included in the base assessed value. If property tax installments with respect to a homestead (as defined in IC 6-1.1-20.9-1) are due in installments established by the department of local government finance under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an additional area is entitled to an additional credit under subsection (a) for the taxes (as defined in IC 6-1.1-21-2) due in installments. The credit shall be applied in the same proportion to each installment of taxes (as defined in IC 6-1.1-21-2).

SECTION 84. IC 6-1.1-40-10, AS AMENDED BY P.L.154-2006, SECTION 59, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) Subject to subsection (e), an owner of new manufacturing equipment or inventory, or both, whose statement of benefits is approved is entitled to a deduction from the assessed value of that equipment and inventory for a period of ten (10) years. Except as provided in subsections (c) and (d), and subject to subsection (e) **and section 14 of this chapter**, for the first five (5) years, the amount of the deduction for new manufacturing equipment that an owner is entitled to for a particular year equals the assessed value of the new manufacturing equipment. Subject to subsection (e) **and section 14 of this chapter**, for the sixth through the tenth year, the amount of the deduction equals the product of:

- (1) the assessed value of the new manufacturing equipment; multiplied by
- (2) the percentage prescribed in the following table:

YEAR OF DEDUCTION	PERCENTAGE
6th	100%

7th	95%
8th	80%
9th	65%
10th	50%
11th and thereafter	0%

(b) **Subject to section 14 of this chapter**, for the first year the amount of the deduction for inventory equals the assessed value of the inventory. **Subject to section 14 of this chapter**, for the next nine (9) years, the amount of the deduction equals:

- (1) the assessed value of the inventory for that year; multiplied by
- (2) the owner's export sales ratio for the previous year, as certified by the department of state revenue under IC 6-3-2-13.

(c) A deduction under this section is not allowed in the first year the deduction is claimed for new manufacturing equipment to the extent that it would cause the assessed value of all of the personal property of the owner in the taxing district in which the equipment is located to be less than the assessed value of all of the personal property of the owner in that taxing district in the immediately preceding year.

(d) If a deduction is not fully allowed under subsection (c) in the first year the deduction is claimed, then the percentages specified in subsection (a) apply in the subsequent years to the amount of deduction that was allowed in the first year.

(e) For purposes of subsection (a), the assessed value of new manufacturing equipment that is part of an owner's assessable depreciable personal property in a single taxing district subject to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 is the product of:

- (1) the assessed value of the equipment determined without regard to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9; multiplied by
- (2) the quotient of:
 - (A) the amount of the valuation limitation determined under 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 for all of the owner's depreciable personal property in the taxing district; divided by
 - (B) the total true tax value of all of the owner's depreciable personal property in the taxing district that is subject to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 determined:
 - (i) under the depreciation schedules in the rules of the department of local government finance before any adjustment for abnormal obsolescence; and
 - (ii) without regard to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9.

SECTION 85. IC 6-1.1-40-14 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 14. If:**

- (1) **as the result of an error the county auditor applies a deduction under this chapter for a particular assessment date in an amount that is less than the amount to which the taxpayer is entitled under this chapter; and**
- (2) **the taxpayer is entitled to a correction of the error under this article;**

the county auditor shall apply the correction of the error in the manner that corrections are applied under IC 6-1.1-12.1-15.

SECTION 86. IC 6-1.1-42-28 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 28. (a) Subject to this section **and section 34 of this chapter**, the amount of the deduction which the property owner is entitled to receive under this chapter for a particular year equals the product of:

- (1) the increase in the assessed value resulting from the remediation and redevelopment in the zone or the location of personal property in the zone, or both; multiplied by
 - (2) the percentage determined under subsection (b).
- (b) The percentage to be used in calculating the deduction under subsection (a) is as follows:

(1) For deductions allowed over a three (3) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	66%
3rd	33%

(2) For deductions allowed over a six (6) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	85%
3rd	66%
4th	50%
5th	34%
6th	17%

(3) For deductions allowed over a ten (10) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	95%
3rd	80%
4th	65%
5th	50%
6th	40%
7th	30%
8th	20%
9th	10%
10th	5%

(c) The amount of the deduction determined under subsection (a) shall be adjusted in accordance with this subsection in the following circumstances:

- (1) If a general reassessment of real property occurs within the particular period of the deduction, the amount determined under subsection (a)(1) shall be adjusted to reflect the percentage increase or decrease in assessed valuation that resulted from the general reassessment.
- (2) If an appeal of an assessment is approved that results in a reduction of the assessed value of the redeveloped or rehabilitated property, the amount of any deduction shall be adjusted to reflect the percentage decrease that resulted from the appeal.
- (3) The amount of the deduction may not exceed the limitations imposed by the designating body under section 23 of this chapter.
- (4) The amount of the deduction must be proportionally reduced by the proportionate ownership of the property by a person that:

- (A) has an ownership interest in an entity that contributed; or

(B) has contributed;

a contaminant (as defined in IC 13-11-2-42) that is the subject of the voluntary remediation, as determined under the written standards adopted by the department of environmental management.

The department of local government finance shall adopt rules under IC 4-22-2 to implement this subsection.

SECTION 87. IC 6-1.1-42-34 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 34. If:**

- (1) as the result of an error the county auditor applies a deduction under this chapter for a particular assessment date in an amount that is less than the amount to which the taxpayer is entitled under this chapter; and**
- (2) the taxpayer is entitled to a correction of the error under this article;**

the county auditor shall apply the correction of the error in the manner that corrections are applied under IC 6-1.1-12.1-15.

SECTION 88. IC 6-1.5-2-6 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 6. Notwithstanding IC 5-14-3-8, the Indiana board shall charge a person that files a petition with the Indiana tax court for review of a determination by the Indiana board the reasonable cost of preparing any necessary copies and transcripts for transmittal to the court.**

SECTION 89. IC 6-1.5-5-2, AS AMENDED BY P.L.154-2006, SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) After receiving a petition for review that is filed under a statute listed in section 1(a) of this chapter, the Indiana board shall, at its earliest opportunity:

- (1) conduct a hearing; or
- (2) cause a hearing to be conducted by an administrative law judge.

The Indiana board may determine to conduct the hearing under subdivision (1) on its own motion or on request of a party to the appeal.

(b) In its resolution of a petition, the Indiana board may

- ~~(1)~~ assign:
 - ~~(A) full;~~
 - ~~(B) limited; or~~
 - ~~(C) no;~~

~~evidentiary value to the assessed valuation of tangible property determined by stipulation submitted as evidence of a comparable sale; and~~

~~(2) correct any errors that may have been made and adjust the assessment in accordance with the correction.~~

(c) The Indiana board shall give notice of the date fixed for the hearing by mail to:

- (1) the taxpayer;
- (2) the department of local government finance; and
- (3) the appropriate:
 - (A) township assessor;
 - (B) county assessor; and
 - (C) county auditor.

(d) With respect to an appeal of the assessment of real property or personal property filed after June 30, 2005, the notices required under subsection (c) must include the following:

(1) The action of the department of local government finance with respect to the appealed items.

(2) A statement that a taxing unit receiving the notice from the county auditor under subsection (e) may:

(A) attend the hearing;

(B) offer testimony; and

(C) file an amicus curiae brief in the proceeding.

(e) If, after receiving notice of a hearing under subsection (c), the county auditor determines that the assessed value of the appealed items constitutes at least one percent (1%) of the total gross certified assessed value of a particular taxing unit for the assessment date immediately preceding the assessment date for which the appeal was filed, the county auditor shall send a copy of the notice to the affected taxing unit. A taxing unit that receives a notice from the county auditor under this subsection is not a party to the appeal. Failure of the county auditor to send a copy of the notice to the affected taxing unit does not affect the validity of the appeal or delay the appeal.

(f) The Indiana board shall give the notices required under subsection (c) at least thirty (30) days before the day fixed for the hearing.

SECTION 90. IC 6-1.5-5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. ~~(a) An administrative law judge who conducts a hearing shall submit a written report of findings of fact and conclusions of law to the Indiana board.~~

~~(b) (a)~~ After reviewing the report of the administrative law judge, ~~conducting a hearing~~, the Indiana board may take additional evidence or hold additional hearings.

~~(c) (b)~~ The Indiana board may base its final determination on a stipulation between the respondent and the petitioner. If the final determination is based on a stipulated assessed valuation of tangible property, the Indiana board may order the placement of a notation on the permanent assessment record of the tangible property that the assessed valuation was determined by stipulation. The Indiana board may:

(1) order that a final determination under this subsection has no precedential value; or

(2) specify a limited precedential value of a final determination under this subsection.

~~(d) (c)~~ If the Indiana board does not issue its final determination under subsection ~~(c); (b)~~, the Indiana board shall base its board's final determination on:

~~(1) the:~~

~~(A) report of the administrative law judge; or~~

~~(B) evidence received at a hearing conducted by the Indiana board;~~

~~(2) any additional evidence taken by the Indiana board; and~~

~~(3) any records that the Indiana board considers relevant.~~

must include separately stated findings of fact for all aspects of the determination. Findings of ultimate fact must be accompanied by a concise statement of the underlying basic facts of record to support the findings. Findings must:

(1) be based exclusively on:

(A) the evidence on the record in the proceeding; and

(B) matters officially noticed in the proceeding; and

(2) be based on a preponderance of the evidence.

SECTION 91. IC 6-2.5-8-1, AS AMENDED BY P.L.111-2006,

SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 1. (a) A retail merchant may not make a retail transaction in Indiana, unless the retail merchant has applied for a registered retail merchant's certificate.

(b) A retail merchant may obtain a registered retail merchant's certificate by filing an application with the department and paying a registration fee of twenty-five dollars (\$25) for each place of business listed on the application. The retail merchant shall also provide such security for payment of the tax as the department may require under IC 6-2.5-6-12.

(c) The retail merchant shall list on the application the location (including the township) of each place of business where the retail merchant makes retail transactions. However, if the retail merchant does not have a fixed place of business, the retail merchant shall list the retail merchant's residence as the retail merchant's place of business. In addition, a public utility may list only its principal Indiana office as its place of business for sales of public utility commodities or service, but the utility must also list on the application the places of business where it makes retail transactions other than sales of public utility commodities or service.

(d) Upon receiving a proper application, the correct fee, and the security for payment, if required, the department shall issue to the retail merchant a separate registered retail merchant's certificate for each place of business listed on the application. Each certificate shall bear a serial number and the location of the place of business for which it is issued.

(e) If a retail merchant intends to make retail transactions during a calendar year at a new Indiana place of business, the retail merchant must file a supplemental application and pay the fee for that place of business.

(f) A registered retail merchant's certificate is valid for two (2) years after the date the registered retail merchant's certificate is originally issued or renewed. If the retail merchant has filed all returns and remitted all taxes the retail merchant is currently obligated to file or remit, the department shall renew the registered retail merchant's certificate within thirty (30) days after the expiration date, at no cost to the retail merchant.

(g) The department may not renew a registered retail merchant certificate of a retail merchant who is delinquent in remitting sales or use tax. The department, at least sixty (60) days before the date on which a retail merchant's registered retail merchant's certificate expires, shall notify a retail merchant who is delinquent in remitting sales or use tax that the department will not renew the retail merchant's registered retail merchant's certificate.

(h) A retail merchant engaged in business in Indiana as defined in IC 6-2.5-3-1(c) who makes retail transactions that are only subject to the use tax must obtain a registered retail merchant's certificate before making those transactions. The retail merchant may obtain the certificate by following the same procedure as a retail merchant under subsections (b) and (c), except that the retail merchant must also include on the application:

(1) the names and addresses of the retail merchant's principal employees, agents, or representatives who engage in Indiana in the solicitation or negotiation of the retail transactions;

(2) the location of all of the retail merchant's places of business in Indiana, including offices and distribution houses; and

(3) any other information that the department requests.

(i) The department may permit an out-of-state retail merchant to collect the use tax. However, before the out-of-state retail merchant may collect the tax, the out-of-state retail merchant must obtain a registered retail merchant's certificate in the manner provided by this section. Upon receiving the certificate, the out-of-state retail merchant becomes subject to the same conditions and duties as an Indiana retail merchant and must then collect the use tax due on all sales of tangible personal property that the out-of-state retail merchant knows is intended for use in Indiana.

(j) **Except as provided in subsection (k)**, the department shall submit to the township assessor before July 15 of each year:

(1) the name of each retail merchant that has newly obtained a registered retail merchant's certificate between March 2 of the preceding year and March 1 of the current year for a place of business located in the township; and

(2) the address of each place of business of the taxpayer in the township.

(k) If the duties of the township assessor have been transferred to the county assessor as described in IC 6-1.1-1-24, the department shall submit the information listed in subsection (j) to the county assessor.

SECTION 92. IC 6-8.1-7-1, AS AMENDED BY SEA 526-2007, SECTION 129, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 1. (a) This subsection does not apply to the disclosure of information concerning a conviction on a tax evasion charge. Unless in accordance with a judicial order or as otherwise provided in this chapter, the department, its employees, former employees, counsel, agents, or any other person may not divulge the amount of tax paid by any taxpayer, terms of a settlement agreement executed between a taxpayer and the department, investigation records, investigation reports, or any other information disclosed by the reports filed under the provisions of the law relating to any of the listed taxes, including required information derived from a federal return, except to:

(1) members and employees of the department;

(2) the governor;

(3) the attorney general or any other legal representative of the state in any action in respect to the amount of tax due under the provisions of the law relating to any of the listed taxes; or

(4) any authorized officers of the United States;

when it is agreed that the information is to be confidential and to be used solely for official purposes.

(b) The information described in subsection (a) may be revealed upon the receipt of a certified request of any designated officer of the state tax department of any other state, district, territory, or possession of the United States when:

(1) the state, district, territory, or possession permits the exchange of like information with the taxing officials of the state; and

(2) it is agreed that the information is to be confidential and to be used solely for tax collection purposes.

(c) The information described in subsection (a) relating to a person on public welfare or a person who has made application for public welfare may be revealed to the director of the division of family resources, and to any director of a county office of family and children located in Indiana, upon receipt of a written request

from either director for the information. The information shall be treated as confidential by the directors. In addition, the information described in subsection (a) relating to a person who has been designated as an absent parent by the state Title IV-D agency shall be made available to the state Title IV-D agency upon request. The information shall be subject to the information safeguarding provisions of the state and federal Title IV-D programs.

(d) The name, address, Social Security number, and place of employment relating to any individual who is delinquent in paying educational loans owed to a postsecondary educational institution may be revealed to that institution if it provides proof to the department that the individual is delinquent in paying for educational loans. This information shall be provided free of charge to approved postsecondary educational institutions (as defined by IC 21-7-13-6(a)). The department shall establish fees that all other institutions must pay to the department to obtain information under this subsection. However, these fees may not exceed the department's administrative costs in providing the information to the institution.

(e) The information described in subsection (a) relating to reports submitted under IC 6-6-1.1-502 concerning the number of gallons of gasoline sold by a distributor and IC 6-6-2.5 concerning the number of gallons of special fuel sold by a supplier and the number of gallons of special fuel exported by a licensed exporter or imported by a licensed transporter may be released by the commissioner upon receipt of a written request for the information.

(f) The information described in subsection (a) may be revealed upon the receipt of a written request from the administrative head of a state agency of Indiana when:

(1) the state agency shows an official need for the information; and

(2) the administrative head of the state agency agrees that any information released will be kept confidential and will be used solely for official purposes.

(g) The name and address of retail merchants, including township, as specified in IC 6-2.5-8-1(j) may be released solely for tax collection purposes to township assessors **and county assessors**.

(h) The department shall notify the appropriate innkeepers' tax board, bureau, or commission that a taxpayer is delinquent in remitting innkeepers' taxes under IC 6-9.

(i) All information relating to the delinquency or evasion of the motor vehicle excise tax may be disclosed to the bureau of motor vehicles in Indiana and may be disclosed to another state, if the information is disclosed for the purpose of the enforcement and collection of the taxes imposed by IC 6-6-5.

(j) All information relating to the delinquency or evasion of commercial vehicle excise taxes payable to the bureau of motor vehicles in Indiana may be disclosed to the bureau and may be disclosed to another state, if the information is disclosed for the purpose of the enforcement and collection of the taxes imposed by IC 6-6-5.5.

(k) All information relating to the delinquency or evasion of commercial vehicle excise taxes payable under the International Registration Plan may be disclosed to another state, if the information is disclosed for the purpose of the enforcement and collection of the taxes imposed by IC 6-6-5.5.

- (l) This section does not apply to:
- (1) the beer excise tax (IC 7.1-4-2);
 - (2) the liquor excise tax (IC 7.1-4-3);
 - (3) the wine excise tax (IC 7.1-4-4);
 - (4) the hard cider excise tax (IC 7.1-4-4.5);
 - (5) the malt excise tax (IC 7.1-4-5);
 - (6) the motor vehicle excise tax (IC 6-6-5);
 - (7) the commercial vehicle excise tax (IC 6-6-5.5); and
 - (8) the fees under IC 13-23.

(m) The name and business address of retail merchants within each county that sell tobacco products may be released to the division of mental health and addiction and the alcohol and tobacco commission solely for the purpose of the list prepared under IC 6-2.5-6-14.2.

SECTION 93. IC 8-14-9-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. All bonds and interest on bonds issued under this chapter are exempt from taxation as provided under IC 6-8-5-1. All general laws relating to:

- (1) the filing of a petition requesting the issuance of bonds;
- (2) the right of taxpayers **and voters** to remonstrate against the issuance of bonds;
- (3) the appropriation of the proceeds of the bonds and the approval of the appropriation by the department of local government finance; and
- (4) the sale of bonds at public sale for not less than par value;

are applicable to proceedings under this chapter.

SECTION 94. IC 8-22-3-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 16. (a) The board may issue general obligation bonds of the authority for the purpose of procuring funds to pay the cost of acquiring real property, or constructing, enlarging, improving, remodeling, repairing, or equipping buildings, structures, runways, or other facilities, for use as or in connection with or for administrative purposes of the airport. The issuance of the bonds must be authorized by ordinance of the board providing for the amount, terms, and tenor of the bonds and for the time and character of notice and the mode of making sale. If one (1) airport is owned by the authority, an ordinance authorizing the issuance of bonds for a separate second airport is subject to approval as provided in this section. The bonds bear interest and are payable at the times and places that the board determines but running not more than twenty-five (25) years after the date of their issuance, and they must be executed in the name of the authority by the president of the board and attested by the secretary who shall affix to each of the bonds the official seal of the authority. The interest coupons attached to the bonds may be executed by placing on them the facsimile signature of the president of the board.

(b) The issuance of general obligation bonds must be approved by resolution of the following body:

- (1) When the authority is established by an eligible entity, by its fiscal body.
- (2) When the authority is established by two (2) or more eligible entities acting jointly, by the fiscal body of each of those entities.
- (3) When the authority was established under IC 19-6-2, by the mayor of the consolidated city, and if a second airport is to be funded, also by the city-county council.

- (4) When the authority was established under IC 19-6-3, by the county council.

(c) The airport director shall manage and supervise the preparation, advertisement, and sale of the bonds, subject to the authorizing ordinance. Before the sale of the bonds, the airport director shall cause notice of the sale to be published once each week for two (2) consecutive weeks in two (2) newspapers of general circulation published in the district, setting out the time and place where bids will be received, the amount and maturity dates of the issue, the maximum interest rate, and the terms and conditions of sale and delivery of the bonds. The bonds shall be sold to the highest bidder, in accordance with the procedures for selling public bonds. After the bonds have been properly sold and executed, the airport director shall deliver them to the treasurer of the authority and take ~~his~~ a receipt for them, and shall certify to the treasurer the amount which the purchaser is to pay for them, together with the name and address of the purchaser. On payment of the purchase price the treasurer shall deliver the bonds to the purchaser, and the treasurer and airport director or superintendent shall report their actions to the board.

(d) The provisions of IC 6-1.1-20 and IC 5-1 relating to the filing of a petition requesting the issuance of bonds and giving notice of them, the giving of notice of determination to issue bonds, the giving of notice of hearing on the appropriation of the proceeds of bonds and the right of taxpayers to appeal and be heard on the proposed appropriation, the approval of the appropriation by the department of local government finance, the right of taxpayers **and voters** to remonstrate against the issuance of bonds, and the sale of bonds at public sale for not less than par value are applicable to proceedings under this chapter for the issuance of general obligation bonds.

(e) Bonds issued under this chapter are not a corporate obligation or indebtedness of any eligible entity but are an indebtedness of the authority as a municipal corporation. An action to question the validity of the bonds issued or to prevent their issue must be instituted not later than the date set for sale of the bonds, and all of the bonds after that date are incontestable.

SECTION 95. IC 8-22-3.5-10, AS AMENDED BY P.L.124-2006, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 10. (a) Except as provided in subsection (d), if the commission adopts the provisions of this section by resolution, each taxpayer in the airport development zone is entitled to an additional credit for taxes (as defined in IC 6-1.1-21-2) that, under IC 6-1.1-22-9, are due and payable in ~~May and November~~ of that year. Except as provided in subsection (d), one-half (1/2) of the credit shall be applied to each installment of taxes (as defined in IC 6-1.1-21-2). This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the airport development zone:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) through IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.
STEP TWO: Divide:

- (A) that part of the county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable

to the taxing district; by
(B) the STEP ONE sum.

STEP THREE: Multiply:

- (A) the STEP TWO quotient; by
- (B) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that would have been allocated to the special funds under section 9 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated and paid into the special funds under section 9 of this chapter.

(b) The additional credit under subsection (a) shall be:

- (1) computed on an aggregate basis of all taxpayers in a taxing district that contains all or part of an airport development zone; and
- (2) combined on the tax statement sent to each taxpayer.

(c) Concurrently with the mailing or other delivery of the tax statement or any corrected tax statement to each taxpayer, as required by IC 6-1.1-22-8(a), each county treasurer shall for each tax statement also deliver to each taxpayer in an airport development zone who is entitled to the additional credit under subsection (a) a notice of additional credit. The actual dollar amount of the credit, the taxpayer's name and address, and the tax statement to which the credit applies shall be stated on the notice.

(d) This subsection applies to an airport development zone only to the extent that the net assessed value of property that is assessed as residential property under the rules of the department of local government finance is not included in the base assessed value. If property tax installments with respect to a homestead (as defined in IC 6-1.1-20.9-1) are due in installments established by the department of local government finance under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an airport development zone is entitled to an additional credit under subsection (a) for the taxes (as defined in IC 6-1.1-21-2) due in installments. The credit shall be applied in the same proportion to each installment of taxes (as defined in IC 6-1.1-21-2).

SECTION 96. IC 12-29-1-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. All general Indiana statutes relating to the following apply to the issuance of county bonds under this chapter:

- (1) The filing of a petition requesting the issuance of bonds.
- (2) The giving of notice of the following:
 - (A) The filing of the petition requesting the issuance of the bonds.
 - (B) The determination to issue bonds.
 - (C) A hearing on the appropriation of the proceeds of the bonds.
- (3) The right of taxpayers to appear and be heard on the proposed appropriation.
- (4) The approval of the appropriation by the department of local government finance.
- (5) The right of taxpayers **and voters** to remonstrate against the issuance of bonds.

SECTION 97. IC 12-29-2-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 18. All general Indiana statutes relating to the following apply to the issuance of county bonds under this chapter:

- (1) The filing of a petition requesting the issuance of bonds.
- (2) The giving of notice of the following:
 - (A) The filing of the petition requesting the issuance of the bonds.
 - (B) The determination to issue bonds.
 - (C) A hearing on the appropriation of the proceeds of the bonds.
- (3) The right of taxpayers to appear and be heard on the proposed appropriation.
- (4) The approval of the appropriation by the department of local government finance.
- (5) The right of taxpayers **and voters** to remonstrate against the issuance of bonds.

SECTION 98. IC 14-27-6-40 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 40. The provisions of IC 5-1 and IC 6-1.1-20 relating to the following apply to proceedings under this chapter:

- (1) The filing of a petition requesting the issuance of bonds and giving notice of the petition.
- (2) The giving of notice of determination to issue bonds.
- (3) The giving of notice of hearing on the appropriation of the proceeds of bonds and the right of taxpayers to appeal and be heard on the proposed appropriation.
- (4) The approval of the appropriation by the department of local government finance.
- (5) The right of taxpayers **and voters** to remonstrate against the issuance of bonds.
- (6) The sale of bonds at public sale for not less than the par value.

SECTION 99. IC 20-48-1-8, AS ADDED BY P.L.2-2006, SECTION 171, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. The provisions of all general statutes and rules relating to:

- (1) filing petitions requesting the issuance of bonds and giving notice of the issuance of bonds;
- (2) giving notice of determination to issue bonds;
- (3) giving notice of a hearing on the appropriation of the proceeds of the bonds and the right of taxpayers to appear and be heard on the proposed appropriation;
- (4) the approval of the appropriation by the department of local government finance; and
- (5) the right of taxpayers **and voters** to remonstrate against the issuance of bonds;

apply to proceedings for the issuance of bonds and the making of an emergency loan under this article and IC 20-26-1 through IC 20-26-5. An action to contest the validity of the bonds or emergency loans may not be brought later than five (5) days after the acceptance of a bid for the sale of the bonds.

SECTION 100. IC 32-21-2-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 13. (a) **Except as provided in subsection (c)**, if the auditor of the county or the township assessor under IC 6-1.1-5-9 and IC 6-1.1-5-9.1 determines it necessary, an instrument transferring fee simple title to less than the whole of a tract that will result in the division of the tract into at least two (2) parcels for property tax purposes may not be recorded unless the auditor or township assessor is furnished a drawing or other reliable evidence of the following:

- (1) The number of acres in each new tax parcel being created.
- (2) The existence or absence of improvements on each new tax parcel being created.
- (3) The location within the original tract of each new tax parcel being created.

(b) Any instrument that is accepted for recording and placed of record that bears the endorsement required by IC 36-2-11-14 is presumed to comply with this section.

(c) If the duties of the township assessor have been transferred to the county assessor as described in IC 6-1.1-1-24, a reference to the township assessor in this section is considered to be a reference to the county assessor.

SECTION 101. IC 32-28-3-1, AS AMENDED BY P.L.1-2006, SECTION 501, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 1. (a) A contractor, a subcontractor, a mechanic, a lessor leasing construction and other equipment and tools, whether or not an operator is also provided by the lessor, a journeyman, a laborer, or any other person performing labor or furnishing materials or machinery, including the leasing of equipment or tools, for:

- (1) the erection, alteration, repair, or removal of:
 - (A) a house, mill, manufactory, or other building; or
 - (B) a bridge, reservoir, system of waterworks, or other structure;

- (2) the construction, alteration, repair, or removal of a walk or sidewalk located on the land or bordering the land, a stile, a well, a drain, a drainage ditch, a sewer, or a cistern; or

- (3) any other earth moving operation;

may have a lien as set forth in this section.

(b) A person described in subsection (a) may have a lien separately or jointly: ~~upon the:~~

- (1) **upon the** house, mill, manufactory, or other building, bridge, reservoir, system of waterworks, or other structure, sidewalk, walk, stile, well, drain, drainage ditch, sewer, cistern, or earth:

- (A) that the person erected, altered, repaired, moved, or removed; or
- (B) for which the person furnished materials or machinery of any description; and

- (2) on the interest of the owner of the lot or parcel of land:

- (A) on which the structure or improvement stands; or
- (B) with which the structure or improvement is connected;

to the extent of the value of any labor done or the material furnished, or both, including any use of the leased equipment and tools.

(c) All claims for wages of mechanics and laborers employed in or about a shop, mill, wareroom, storeroom, manufactory or structure, bridge, reservoir, system of waterworks or other structure, sidewalk, walk, stile, well, drain, drainage ditch, cistern, or any other earth moving operation shall be a lien on all the:

- (1) machinery;
- (2) tools;
- (3) stock;
- (4) material; or
- (5) finished or unfinished work;

located in or about the shop, mill, wareroom, storeroom, manufactory or other building, bridge, reservoir, system of waterworks, or other structure, sidewalk, walk, stile, well, drain,

drainage ditch, sewer, cistern, or earth used in a business.

(d) If the person, firm, limited liability company, or corporation described in subsection (a) or (c) is in failing circumstances, the claims described in this section shall be preferred debts whether a claim or notice of lien has been filed.

(e) Subject to subsection (f), a contract:

- (1) for the construction, alteration, or repair of a Class 2 structure (as defined in IC 22-12-1-5);
- (2) for the construction, alteration, or repair of an improvement on the same real estate auxiliary to a Class 2 structure (as defined in IC 22-12-1-5);
- (3) for the construction, alteration, or repair of property that is:

(A) owned, operated, managed, or controlled by a:

- (i) public utility (as defined in IC 8-1-2-1);
- (ii) municipally owned utility (as defined in IC 8-1-2-1);
- (iii) joint agency (as defined in IC 8-1-2.2-2);
- (iv) rural electric membership corporation formed under IC 8-1-13-4;

(v) rural telephone cooperative corporation formed under IC 8-1-17; or

(vi) not-for-profit utility (as defined in IC 8-1-2-125);

regulated under IC 8; and

(B) intended to be used and useful for the production, transmission, delivery, or furnishing of heat, light, water, telecommunications services, or power to the public; or

- (4) to prepare property for Class 2 residential construction;

may include a provision or stipulation in the contract of the owner and principal contractor that a lien may not attach to the real estate, building, structure or any other improvement of the owner.

(f) A contract containing a provision or stipulation described in subsection (e) must meet the requirements of this subsection to be valid against subcontractors, mechanics, journeymen, laborers, or persons performing labor upon or furnishing materials or machinery for the property or improvement of the owner. The contract must:

- (1) be in writing;
- (2) contain specific reference by legal description of the real estate to be improved;
- (3) be acknowledged as provided in the case of deeds; and
- (4) be filed and recorded in the recorder's office of the county in which the real estate, building, structure, or other improvement is situated not more than five (5) days after the date of execution of the contract.

A contract containing a provision or stipulation described in subsection (e) does not affect a lien for labor, material, or machinery supplied before the filing of the contract with the recorder.

(g) Upon the filing of a contract under subsection (f), the recorder shall:

- (1) record the contract at length in the order of the time it was received in books provided by the recorder for that purpose;
- (2) index the contract in the name of the:

- (A) contractor; and
- (B) owner;

in books kept for that purpose; and

- (3) collect a fee for recording the contract as is provided for the recording of deeds and mortgages.

(h) A person, firm, partnership, limited liability company, or corporation that sells or furnishes on credit any material, labor, or machinery for the alteration or repair of an owner occupied single or double family dwelling or the appurtenances or additions to the dwelling to:

- (1) a contractor, subcontractor, mechanic; or
- (2) anyone other than the occupying owner or the owner's legal representative;

must furnish to the occupying owner of the parcel of land where the material, labor, or machinery is delivered a written notice of the delivery or work and of the existence of lien rights not later than thirty (30) days after the date of first delivery or labor performed. The furnishing of the notice is a condition precedent to the right of acquiring a lien upon the lot or parcel of land or the improvement on the lot or parcel of land.

(i) A person, firm, partnership, limited liability company, or corporation that sells or furnishes on credit material, labor, or machinery for the original construction of a single or double family dwelling for the intended occupancy of the owner upon whose real estate the construction takes place to a contractor, subcontractor, mechanic, or anyone other than the owner or the owner's legal representatives must:

- (1) furnish the owner of the real estate:
 - (A) as named in the latest entry in the transfer books described in IC 6-1.1-5-4 of the county auditor; or
 - (B) if IC 6-1.1-5-9 applies, as named in the transfer books of the township assessor **or the county assessor**;
 with a written notice of the delivery or labor and the existence of lien rights not later than sixty (60) days after the date of the first delivery or labor performed; and
- (2) file a copy of the written notice in the recorder's office of the county not later than sixty (60) days after the date of the first delivery or labor performed.

The furnishing and filing of the notice is a condition precedent to the right of acquiring a lien upon the real estate or upon the improvement constructed on the real estate.

(j) A lien for material or labor in original construction does not attach to real estate purchased by an innocent purchaser for value without notice of a single or double family dwelling for occupancy by the purchaser unless notice of intention to hold the lien is recorded under section 3 of this chapter before recording the deed by which the purchaser takes title.

SECTION 102. IC 32-28-3-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) Except as provided in subsection (b), a person who wishes to acquire a lien upon property, whether the claim is due or not, must file in duplicate a sworn statement and notice of the person's intention to hold a lien upon the property for the amount of the claim:

- (1) in the recorder's office of the county; and
- (2) not later than ninety (90) days after performing labor or furnishing materials or machinery described in section 1 of this chapter.

The statement and notice of intention to hold a lien may be verified and filed on behalf of a client by an attorney registered with the clerk of the supreme court as an attorney in good standing under the requirements of the supreme court.

(b) This subsection applies to a person that performs labor or

furnishes materials or machinery described in section 1 of this chapter related to a Class 2 structure (as defined in IC 22-12-1-5) or an improvement on the same real estate auxiliary to a Class 2 structure (as defined in IC 22-12-1-5). A person who wishes to acquire a lien upon property, whether the claim is due or not, must file in duplicate a sworn statement and notice of the person's intention to hold a lien upon the property for the amount of the claim:

- (1) in the recorder's office of the county; and
- (2) not later than sixty (60) days after performing labor or furnishing materials or machinery described in section 1 of this chapter.

The statement and notice of intention to hold a lien may be verified and filed on behalf of a client by an attorney registered with the clerk of the supreme court as an attorney in good standing under the requirements of the supreme court.

(c) A statement and notice of intention to hold a lien filed under this section must specifically set forth:

- (1) the amount claimed;
- (2) the name and address of the claimant;
- (3) the owner's:
 - (A) name; and
 - (B) latest address as shown on the property tax records of the county; and
- (4) the:
 - (A) legal description; and
 - (B) street and number, if any;
 of the lot or land on which the house, mill, manufactory or other buildings, bridge, reservoir, system of waterworks, or other structure may stand or be connected with or to which it may be removed.

The name of the owner and legal description of the lot or land will be sufficient if they are substantially as set forth in the latest entry in the transfer books described in IC 6-1.1-5-4 of the county auditor or, if IC 6-1.1-5-9 applies, the transfer books of the township assessor **or the county assessor** at the time of filing of the notice of intention to hold a lien.

(d) The recorder shall:

- (1) mail, first class, one (1) of the duplicates of the statement and notice of intention to hold a lien to the owner named in the statement and notice not later than three (3) business days after recordation;
- (2) post records as to the date of the mailing; and
- (3) collect a fee of two dollars (\$2) from the lien claimant for each statement and notice that is mailed.

The statement and notice shall be addressed to the latest address of the owner as specifically set out in the sworn statement and notice of the person intending to hold a lien upon the property.

SECTION 103. IC 33-26-6-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) This section applies ~~instead of IC 4-21-5-5-12~~ with respect to judicial review of final determinations of the Indiana board of tax review.

(b) The tax court may receive evidence in addition to that contained in the record of the determination of the Indiana board of tax review only if the evidence relates to the validity of the determination at the time it was taken and is needed to decide disputed issues regarding one (1) or both of the following:

(1) Improper constitution as a decision making body or grounds for disqualification of those taking the agency action.

(2) Unlawfulness of procedure or decision making process.

This subsection applies only if the additional evidence could not, by due diligence, have been discovered and raised in the administrative proceeding giving rise to a proceeding for judicial review.

(c) The tax court may remand a matter to the Indiana board of tax review before final disposition of a petition for review with directions that the Indiana board of tax review conduct further factfinding or that the Indiana board of tax review prepare an adequate record, if:

(1) the Indiana board of tax review failed to prepare or preserve an adequate record;

(2) the Indiana board of tax review improperly excluded or omitted evidence from the record; or

(3) a relevant law changed after the action of the Indiana board of tax review and the tax court determines that the new provision of law may control the outcome.

(d) This subsection applies if the record for a judicial review prepared under IC 6-1.1-15-6 contains an inadequate record of a site inspection. Rather than remand a matter under subsection (c), the tax court may take additional evidence not contained in the record relating only to observations and other evidence collected during a site inspection conducted by a hearing officer or other employee of the Indiana board of tax review. The evidence may include the testimony of a hearing officer only for purposes of verifying or rebutting evidence regarding the site inspection that is already contained in the record.

SECTION 104. IC 33-26-6-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) This section applies instead of IC 4-21-5-5-14 with respect to judicial review of final determinations of the Indiana board of tax review.

(b) The burden of demonstrating the invalidity of an action taken by the Indiana board of tax review is on the party to the judicial review proceeding asserting the invalidity.

(c) The validity of an action taken by the Indiana board of tax review shall be determined in accordance with the standards of review provided in this section as applied to the agency action at the time it was taken.

(d) The tax court shall make findings of fact on each material issue on which the court's decision is based.

(e) The tax court shall grant relief under section 7 of this chapter only if the tax court determines that a person seeking judicial relief has been prejudiced by an action of the Indiana board of tax review that is:

(1) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law;

(2) contrary to constitutional right, power, privilege, or immunity;

(3) in excess of statutory jurisdiction, authority, or limitations, or short of statutory jurisdiction, authority, or limitations;

(4) without observance of procedure required by law; or

(5) unsupported by substantial or reliable evidence.

(f) Subsection (e) may not be construed to change the substantive precedential law embodied in judicial decisions that are final as of January 1, 2002.

SECTION 105. IC 36-1-8-14.2, AS AMENDED BY

P.L.181-2006, SECTION 61, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 14.2. (a) As used in this section, the following terms have the meanings set forth in IC 6-1.1-1:

(1) Assessed value.

(2) Exemption.

(3) Owner.

(4) Person.

(5) Property taxation.

(6) Real property.

(7) Township assessor.

(b) As used in this section, "PILOTS" means payments in lieu of taxes.

(c) As used in this section, "property owner" means the owner of real property described in IC 6-1.1-10-16.7.

(d) Subject to the approval of a property owner, the governing body of a political subdivision may adopt an ordinance to require the property owner to pay PILOTS at times set forth in the ordinance with respect to real property that is subject to an exemption under IC 6-1.1-10-16.7, if the improvements that qualify the real property for an exemption were begun or acquired after December 31, 2001. The ordinance remains in full force and effect until repealed or modified by the governing body, subject to the approval of the property owner.

(e) The PILOTS must be calculated so that the PILOTS are in an amount equal to the amount of property taxes that would have been levied by the governing body for the political subdivision upon the real property described in subsection (d) if the property were not subject to an exemption from property taxation.

(f) PILOTS shall be imposed as are property taxes and shall be based on the assessed value of the real property described in subsection (d). **Except as provided in subsection (j)**, the township assessors shall assess the real property described in subsection (d) as though the property were not subject to an exemption.

(g) PILOTS collected under this section shall be deposited in the unit's affordable housing fund established under IC 5-20-5-15.5 and used for any purpose for which the affordable housing fund may be used.

(h) PILOTS shall be due as set forth in the ordinance and bear interest, if unpaid, as in the case of other taxes on property. PILOTS shall be treated in the same manner as taxes for purposes of all procedural and substantive provisions of law.

(i) This section does not apply to a county that contains a consolidated city or to a political subdivision of the county.

(j) If the duties of the township assessor have been transferred to the county assessor as described in IC 6-1.1-1-24, a reference to the township assessor in this section is considered to be a reference to the county assessor.

SECTION 106. IC 36-2-5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) The county fiscal body shall fix the compensation of officers, deputies, and other employees whose compensation is payable from the county general fund, county highway fund, county health fund, county park and recreation fund, aviation fund, or any other fund from which the county auditor issues warrants for compensation. This includes the power to:

(1) fix the number of officers, deputies, and other employees;

(2) describe and classify positions and services;

- (3) adopt schedules of compensation; and
- (4) hire or contract with persons to assist in the development of schedules of compensation.

(b) **Subject to subsection (e)**, the county fiscal body shall provide for a county assessor or elected township assessor who has attained a level two **or level three** certification under IC 6-1.1-35.5 to receive annually one thousand dollars (\$1,000), which is in addition to and not part of the annual compensation of the assessor. **Subject to subsection (e)**, the county fiscal body shall provide for a county or township deputy assessor who has attained a level two **or level three** certification under IC 6-1.1-35.5 to receive annually five hundred dollars (\$500), which is in addition to and not part of the annual compensation of the county or township deputy assessor.

(c) Notwithstanding subsection (a), the board of each local health department shall prescribe the duties of all its officers and employees, recommend the number of positions, describe and classify positions and services, adopt schedules of compensation, and hire and contract with persons to assist in the development of schedules of compensation.

(d) This section does not apply to community corrections programs (as defined in IC 11-12-1-1 and IC 35-38-2.6-2).

(e) Subsection (b) applies regardless of whether the assessor or deputy assessor attained the level two certification:

- (1) while in office; or**
- (2) before assuming office.**

SECTION 107. IC 36-2-6-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 22. (a) As used in this section, the following terms have the meanings set forth in IC 6-1.1-1:

- (1) Assessed value.
- (2) Exemption.
- (3) Owner.
- (4) Person.
- (5) Property taxation.
- (6) Real property.
- (7) Township assessor.

(b) As used in this section, "PILOTS" means payments in lieu of taxes.

(c) As used in this section, "property owner" means the owner of real property described in IC 6-1.1-10-16.7 that is not located in a county containing a consolidated city.

(d) Subject to the approval of a property owner, the fiscal body of a county may adopt an ordinance to require the property owner to pay PILOTS at times set forth in the ordinance with respect to real property that is subject to an exemption under IC 6-1.1-10-16.7. The ordinance remains in full force and effect until repealed or modified by the legislative body, subject to the approval of the property owner.

(e) The PILOTS must be calculated so that the PILOTS are in an amount equal to the amount of property taxes that would have been levied upon the real property described in subsection (d) if the property were not subject to an exemption from property taxation.

(f) PILOTS shall be imposed in the same manner as property taxes and shall be based on the assessed value of the real property described in subsection (d). **Except as provided in subsection (i)**, the township assessors shall assess the real property described in subsection (d) as though the property were not subject to an

exemption.

(g) PILOTS collected under this section shall be distributed in the same manner as if they were property taxes being distributed to taxing units in the county.

(h) PILOTS shall be due as set forth in the ordinance and bear interest, if unpaid, as in the case of other taxes on property. PILOTS shall be treated in the same manner as taxes for purposes of all procedural and substantive provisions of law.

(i) If the duties of the township assessor have been transferred to the county assessor as described in IC 6-1.1-1-24, a reference to the township assessor in this section is considered to be a reference to the county assessor.

SECTION 108. IC 36-2-15-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 5. (a) The county assessor shall perform the functions assigned by statute to the county assessor, including the following:

- (1) Countywide equalization.
- (2) Selection and maintenance of a countywide computer system.
- (3) Certification of gross assessments to the county auditor.
- (4) Discovery of omitted property.
- (5) In a county in which the transfer of duties is required by subsection (e), performance of the assessment duties prescribed by IC 6-1.1.**

(b) The county assessor shall perform the functions of an assessing official under IC 36-6-5-2 in a township with a township assessor-trustee if the township assessor-trustee:

- (1) fails to make a report that is required by law;
- (2) fails to deliver a property tax record to the appropriate officer or board;
- (3) fails to deliver an assessment to the county assessor; or
- (4) fails to perform any other assessing duty as required by statute or rule of the department of local government finance;

within the time period prescribed by statute or rule of the department or within a later time that is necessitated by reason of another official failing to perform the official's functions in a timely manner.

(c) A township with a township trustee-assessor may, with the consent of the township board, enter into an agreement with:

- (1) the county assessor; or
- (2) another township assessor in the county;

to perform any of the functions of an assessing official. A township trustee-assessor may not contract for the performance of any function for a period of time that extends beyond the completion of the township trustee-assessor's term of office.

(d) A transfer of duties between assessors under subsection (e) does not affect:

- (1) any assessment, assessment appeal, or other official action made by an assessor before the transfer; or**
- (2) any pending action against, or the rights of any party that may possess a legal claim against, an assessor that is not described in subdivision (1).**

Any assessment, assessment appeal, or other official action of an assessor made by the assessor within the scope of the assessor's official duties before the transfer is considered as having been made by the assessor to whom the duties are transferred.

(e) If for a particular general election after June 30, 2008, the person elected to the office of township assessor or the office of township trustee-assessor has not attained the certification of a level two assessor-appraiser as provided in IC 3-8-1-23.5 before the date the term of office begins, the assessment duties prescribed by IC 6-1.1 that would otherwise be performed in the township by the township assessor or township trustee-assessor are transferred to the county assessor on that date. If assessment duties in a township are transferred to the county assessor under this subsection, those assessment duties are transferred back to the township assessor or township trustee-assessor (as appropriate) if at a later election a person who has attained the certification of a level two assessor-appraiser as provided in IC 3-8-1-23.5 is elected to the office of township assessor or the office of township trustee-assessor.

(f) If assessment duties in a township are transferred to the county assessor under subsection (e):

- (1) the office of elected township assessor remains vacant for the period during which the assessment duties prescribed by IC 6-1.1 are transferred to the county assessor; and
- (2) the office of township trustee remains in place for the purpose of carrying out all functions of the office other than assessment duties prescribed by IC 6-1.1.

SECTION 109. IC 36-2-15-7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: **Sec. 7. (a) Each county assessor, elected township assessor, or township trustee-assessor whose assessment duties prescribed by IC 6-1.1 will be transferred under section 5 of this chapter shall:**

- (1) organize the records of the assessor's office relating to the assessment of tangible property in a manner prescribed by the department of local government finance; and
- (2) transfer the records as directed by the department of local government finance.

(b) The department of local government finance shall determine a procedure and schedule for the transfer of the records and operations. The assessors shall assist each other and coordinate their efforts to:

- (1) ensure an orderly transfer of all records; and
- (2) provide for an uninterrupted and professional transition of the property assessment functions consistent with this chapter and the directions of the department of local government finance.

SECTION 110. IC 36-2-19-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: **Sec. 7. (a) Except as provided in subsection (b),** in a township in which IC 6-1.1-5-9 or IC 6-1.1-5-9.1 applies, the county surveyor shall file a duplicate copy of any plat described in section 4 of this chapter with the township assessor.

(b) If the duties of the township assessor have been transferred to the county assessor as described in IC 6-1.1-1-24, a reference to the township assessor in this section is considered to be a reference to the county assessor.

SECTION 111. IC 36-3-2-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: **Sec. 10. (a) The**

general assembly finds the following:

- (1) That the tax base of the consolidated city and the county have been significantly eroded through the ownership of tangible property by separate municipal corporations and other public entities that operate as private enterprises yet are exempt or whose property is exempt from property taxation.
- (2) That to restore this tax base and provide a proper allocation of the cost of providing governmental services the legislative body of the consolidated city and county should be authorized to collect payments in lieu of taxes from these public entities.
- (3) That the appropriate maximum payments in lieu of taxes would be the amount of the property taxes that would be paid if the tangible property were not subject to an exemption.

(b) As used in this section, the following terms have the meanings set forth in IC 6-1.1-1:

- (1) Assessed value.
- (2) Exemption.
- (3) Owner.
- (4) Person.
- (5) Personal property.
- (6) Property taxation.
- (7) Tangible property.
- (8) Township assessor.

(c) As used in this section, "PILOTS" means payments in lieu of taxes.

(d) As used in this section, "public entity" means any of the following government entities in the county:

- (1) An airport authority operating under IC 8-22-3.
- (2) A capital improvement board of managers under IC 36-10-9.
- (3) A building authority operating under IC 36-9-13.
- (4) A wastewater treatment facility.

(e) The legislative body of the consolidated city may adopt an ordinance to require a public entity to pay PILOTS at times set forth in the ordinance with respect to:

- (1) tangible property of which the public entity is the owner or the lessee and that is subject to an exemption;
- (2) tangible property of which the owner is a person other than a public entity and that is subject to an exemption under IC 8-22-3; or
- (3) both.

The ordinance remains in full force and effect until repealed or modified by the legislative body.

(f) The PILOTS must be calculated so that the PILOTS may be in any amount that does not exceed the amount of property taxes that would have been levied by the legislative body for the consolidated city and county upon the tangible property described in subsection (e) if the property were not subject to an exemption from property taxation.

(g) PILOTS shall be imposed as are property taxes and shall be based on the assessed value of the tangible property described in subsection (e). **Except as provided in subsection (l),** the township assessors shall assess the tangible property described in subsection (e) as though the property were not subject to an exemption. The public entity shall report the value of personal property in a manner consistent with IC 6-1.1-3.

(h) Notwithstanding any law to the contrary, a public entity is authorized to pay PILOTS imposed under this section from any legally available source of revenues. The public entity may consider these payments to be operating expenses for all purposes.

(i) PILOTS shall be deposited in the consolidated county fund and used for any purpose for which the consolidated county fund may be used.

(j) PILOTS shall be due as set forth in the ordinance and bear interest, if unpaid, as in the case of other taxes on property. PILOTS shall be treated in the same manner as taxes for purposes of all procedural and substantive provisions of law.

(k) PILOTS imposed on a wastewater treatment facility may be paid only from the cash earnings of the facility remaining after provisions have been made to pay for current obligations, including:

- (1) operating and maintenance expenses;
- (2) payment of principal and interest on any bonded indebtedness;
- (3) depreciation or replacement fund expenses;
- (4) bond and interest sinking fund expenses; and
- (5) any other priority fund requirements required by law or by any bond ordinance, resolution, indenture, contract, or similar instrument binding on the facility.

(l) If the duties of the township assessor have been transferred to the county assessor as described in IC 6-1.1-1-24, a reference to the township assessor in this section is considered to be a reference to the county assessor.

SECTION 112. IC 36-3-2-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 11. (a) As used in this section, the following terms have the meanings set forth in IC 6-1.1-1-1:

- (1) Assessed value.
- (2) Exemption.
- (3) Owner.
- (4) Person.
- (5) Property taxation.
- (6) Real property.
- (7) Township assessor.

(b) As used in this section, "PILOTS" means payments in lieu of taxes.

(c) As used in this section, "property owner" means the owner of real property described in IC 6-1.1-10-16.7 that is located in a county with a consolidated city.

(d) Subject to the approval of a property owner, the legislative body of the consolidated city may adopt an ordinance to require the property owner to pay PILOTS at times set forth in the ordinance with respect to real property that is subject to an exemption under IC 6-1.1-10-16.7. The ordinance remains in full force and effect until repealed or modified by the legislative body, subject to the approval of the property owner.

(e) The PILOTS must be calculated so that the PILOTS are in an amount that is:

- (1) agreed upon by the property owner and the legislative body of the consolidated city;
- (2) a percentage of the property taxes that would have been levied by the legislative body for the consolidated city and the county upon the real property described in subsection (d) if the property were not subject to an exemption from property taxation; and

(3) not more than the amount of property taxes that would have been levied by the legislative body for the consolidated city and county upon the real property described in subsection (d) if the property were not subject to an exemption from property taxation.

(f) PILOTS shall be imposed as are property taxes and shall be based on the assessed value of the real property described in subsection (d). **Except as provided in subsection (i)**, the township assessors shall assess the real property described in subsection (d) as though the property were not subject to an exemption.

(g) PILOTS collected under this section shall be deposited in the housing trust fund established under IC 36-7-15.1-35.5 and used for any purpose for which the housing trust fund may be used.

(h) PILOTS shall be due as set forth in the ordinance and bear interest, if unpaid, as in the case of other taxes on property. PILOTS shall be treated in the same manner as taxes for purposes of all procedural and substantive provisions of law.

(i) If the duties of the township assessor have been transferred to the county assessor as described in IC 6-1.1-1-24, a reference to the township assessor in this section is considered to be a reference to the county assessor.

SECTION 113. IC 36-3-5-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) This section applies whenever a special taxing district of the consolidated city has the power to issue bonds, notes, or warrants.

(b) Before any bonds, notes, or warrants of a special taxing district may be issued, the issue must be approved by resolution of the legislative body of the consolidated city.

(c) Any bonds of a special taxing district must be issued in the manner prescribed by statute for that district, and the board of the department having jurisdiction over the district shall:

- (1) hold all required hearings;
- (2) adopt all necessary resolutions; and
- (3) appropriate the proceeds of the bonds;

in that manner. However, the legislative body shall levy each year the special tax required to pay the principal of and interest on the bonds and any bank paying charges.

(d) Notwithstanding any other statute, bonds of a special taxing district may:

- (1) be dated;
- (2) be issued in any denomination;
- (3) mature at any time or times not exceeding fifty (50) years after their date; and
- (4) be payable at any bank or banks;

as determined by the board. The interest rate or rates that the bonds will bear must be determined by bidding, notwithstanding IC 5-1-11-3.

(e) Bonds of a special taxing district are subject to the provisions of IC 5-1 and IC 6-1.1-20 relating to the filing of a petition requesting the issuance of bonds and giving notice of the petition, the giving of notice of a hearing on the appropriation of the proceeds of bonds, the right of taxpayers to appear and be heard on the proposed appropriation, the approval of the appropriation by the department of local government finance, the right of taxpayers **and voters** to remonstrate against the issuance of bonds, and the sale of bonds at public sale.

SECTION 114. IC 36-3-7-5, AS AMENDED BY P.L.131-2005, SECTION 6, IS AMENDED TO READ AS FOLLOWS

[EFFECTIVE JANUARY 1, 2008]: Sec. 5. (a) Liens for taxes levied by the consolidated city are perfected when evidenced on the tax duplicate in the office of the treasurer of the county.

(b) Liens created when the city enters upon property to make improvements to bring it into compliance with a city ordinance, and liens created upon failure to pay charges assessed by the city for services shall be certified to the auditor, after the adoption of a resolution confirming the incurred expense by the appropriate city department, board, or other agency. In addition, the resolution must state the name of the owner as it appears on the township assessor's **or county assessor's** record and a description of the property.

(c) The amount of a lien shall be placed on the tax duplicate by the auditor in the nature of a delinquent tax subject to enforcement and collection as otherwise provided under IC 6-1.1-22, IC 6-1.1-24, and IC 6-1.1-25. However, the amount of the lien is not considered a tax within the meaning of IC 6-1.1-21-2(b) and shall not be included as a part of either a total county tax levy under IC 6-1.1-21-2(g) or the tax liability of a taxpayer under IC 6-1.1-21-5 for purposes of the tax credit computations under IC 6-1.1-21-4 and IC 6-1.1-21-5.

SECTION 115. IC 36-5-1-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) A petition for incorporation must be accompanied by the following items, to be supplied at the expense of the petitioners:

- (1) A survey, certified by a surveyor registered under IC 25-21.5, showing the boundaries of and quantity of land contained in the territory sought to be incorporated.
- (2) An enumeration of the territory's residents and landowners and their mailing addresses, completed not more than thirty (30) days before the time of filing of the petition and verified by the persons supplying it.
- (3) **Except as provided in subsection (b)**, a statement of the assessed valuation of all real property within the territory, certified by the assessors of the townships in which the territory is located.
- (4) A statement of the services to be provided to the residents of the proposed town and the approximate times at which they are to be established.
- (5) A statement of the estimated cost of the services to be provided and the proposed tax rate for the town.
- (6) The name to be given to the proposed town.

(b) If the duties of the township assessor have been transferred to the county assessor as described in IC 6-1.1-1-24, a reference to the township assessor in this section is considered to be a reference to the county assessor.

SECTION 116. IC 36-5-2-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) The legislative body may issue bonds for the purpose of procuring money to be used in the exercise of the powers of the town and for the payment of town debts. However, a town may not issue bonds to procure money to pay current expenses.

(b) Bonds issued under this section are payable in the amounts and at the times determined by the legislative body.

(c) Bonds issued under this section are subject to the provisions of IC 5-1 and IC 6-1.1-20 relating to the filing of a petition requesting the issuance of bonds and giving notice of the petition, the giving of notice of a hearing on the appropriation of the

proceeds of bonds, the right of taxpayers to appear and be heard on the proposed appropriation, the approval of the appropriation by the department of local government finance, the right of taxpayers **and voters** to remonstrate against the issuance of bonds, and the sale of bonds at public sale for not less than their par value.

(d) The legislative body may, by ordinance, make loans of money for not more than five (5) years and issue notes for the purpose of refunding those loans. The loans may be made only for the purpose of procuring money to be used in the exercise of the powers of the town, and the total amount of outstanding loans under this subsection may not exceed five percent (5%) of the town's total tax levy in the current year (excluding amounts levied to pay debt service and lease rentals). Loans under this subsection shall be made as follows:

- (1) The ordinance authorizing the loans must pledge to their payment a sufficient amount of tax revenues over the ensuing five (5) years to provide for refunding the loans.
- (2) The loans must be evidenced by notes of the town in terms designating the nature of the consideration, the time and place payable, and the revenues out of which they will be payable.
- (3) The interest accruing on the notes to the date of maturity may be added to and included in their face value or be made payable periodically, as provided in the ordinance.

Notes issued under this subsection are not bonded indebtedness for purposes of IC 6-1.1-18.5.

SECTION 117. IC 36-6-5-1, AS AMENDED BY P.L.240-2005, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 1. (a) **Except as provided in subsection (f)**, a township assessor shall be elected under IC 3-10-2-13 by the voters of each township having:

- (1) a population of more than eight thousand (8,000); or
- (2) an elected township assessor or the authority to elect a township assessor before January 1, 1979.

(b) Except as provided in subsection (f), a township assessor shall be elected under IC 3-10-2-14 in each township having a population of more than five thousand (5,000) but not more than eight thousand (8,000), if the legislative body of the township:

- (1) by resolution, declares that the office of township assessor is necessary; and
- (2) the resolution is filed with the county election board not later than the first date that a declaration of candidacy may be filed under IC 3-8-2.

(c) Except as provided in subsection (f), a township government that is created by merger under IC 36-6-1.5 shall elect only one (1) township assessor under this section.

(d) The township assessor must reside within the township as provided in Article 6, Section 6 of the Constitution of the State of Indiana. The assessor forfeits office if the assessor ceases to be a resident of the township.

(e) The term of office of a township assessor is four (4) years, beginning January 1 after election and continuing until a successor is elected and qualified. However, the term of office of a township assessor elected at a general election in which no other township officer is elected ends on December 31 after the next election in which any other township officer is elected.

(f) A person who runs for the office of township assessor in an election after June 30, 2008, is subject to IC 3-8-1-23.5.

SECTION 118. IC 36-6-5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 2. (a) This section applies to townships that do not have an elected or appointed and qualified township assessor.

(b) **Except as provided in subsection (e)**, the township executive shall perform all the duties and has all the rights and powers of assessor.

(c) If a township qualifies under IC 36-6-5-1 to elect a township assessor, the executive shall continue to serve as assessor until:

(1) an assessor is appointed or elected and qualified; or

(2) **the duties of the township assessor are transferred to the county assessor as described in IC 6-1.1-1-24.**

~~(c)~~ (d) The bond filed by the executive in ~~his~~ **the** capacity as executive also covers ~~his~~ **the executive's** duties as assessor.

(e) **Subsection (b) does not apply if the duties of the township assessor have been transferred to the county assessor as described in IC 6-1.1-1-24.**

SECTION 119. IC 36-6-5-3, AS AMENDED BY P.L.162-2006, SECTION 48, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) **Except as provided in subsection (b)**, the assessor shall perform the duties prescribed by statute, including assessment duties prescribed by IC 6-1.1.

(b) **Subsection (a) does not apply if the duties of the township assessor have been transferred to the county assessor as described in IC 6-1.1-1-24.**

SECTION 120. IC 36-6-8-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) **Subject to subsection (e)**, a township assessor who becomes a certified level ~~≥ two or level three~~ Indiana assessor-appraiser is entitled to ~~a salary increase of~~ **receive annually** one thousand dollars (\$1,000) after the assessor's certification under IC 6-1.1-35.5, **which is in addition to and not part of the annual compensation of the township assessor.**

(b) A certified level ~~≥ two or level three~~ Indiana assessor-appraiser who replaces a township assessor who is not so certified is entitled to ~~a salary of~~ **receive annually** one thousand dollars (\$1,000) more than the salary of the person's predecessor, **which is in addition to and not part of the annual compensation of the township assessor.**

(c) **Subject to subsection (e)**, an employee of a township assessor who becomes a certified level ~~≥ two or level three~~ Indiana assessor-appraiser is entitled to ~~a salary increase of~~ **receive annually** five hundred dollars (\$500) after the employee's certification under IC 6-1.1-35.5, **which is in addition to and not part of the annual compensation of the employee.**

(d) ~~A salary increase under this section comprises a part of the township assessor's or employee's base salary~~ **township assessor or employee who becomes entitled to receive an additional amount under this section is entitled to receive the additional amount** for as long as the person serves in that position and maintains the level ~~≥ two or level three~~ certification.

(e) **Subsections (a) and (c) apply regardless of whether the township assessor or employee of a township assessor becomes a certified level two assessor-appraiser:**

(1) **while:**

(A) **in office; or**

(B) **employed by the township assessor; or**

(2) **before:**

(A) **assuming office; or**

(B) **beginning employment by the township assessor.**

SECTION 121. IC 36-7-11.2-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 11. As used in this chapter, "notice" means written notice:

(1) served personally upon the person, official, or office entitled to the notice; or

(2) served upon the person, official, or office by placing the notice in the United States mail, first class postage prepaid, properly addressed to the person, official, or office. Notice is considered served if mailed in the manner prescribed by this subdivision properly addressed to the following:

(A) The governor, both to the address of the governor's official residence and to the governor's executive office in Indianapolis.

(B) The Indiana department of transportation, to the commissioner.

(C) The department of natural resources, both to the director of the department and to the director of the department's division of historic preservation and archeology.

(D) The department of metropolitan development.

(E) An occupant, to:

(i) the person by name; or

(ii) if the name is unknown, ~~to~~ the "Occupant" at the address of the Meridian Street or bordering property occupied by the person.

(F) An owner, to the person by the name shown to be the name of the owner, and at the person's address, as the address appears in the records in the bound volumes of the most recent real estate tax assessment records as the records appear in:

(i) the offices of the township assessors; or

(ii) **the office of the county assessor;**

in Marion County.

(G) A neighborhood association or the society, to the organization at the latest address as shown in the records of the commission.

SECTION 122. IC 36-7-11.2-58 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 58. (a) A person who has filed a petition under section 56 or 57 of this chapter shall, not later than ten (10) days after the filing, serve notice upon all interested parties. The notice must state the following:

(1) The full name and address of the following:

(A) The petitioner.

(B) Each attorney acting for and on behalf of the petitioner.

(2) The street address of the Meridian Street and bordering property for which the petition was filed.

(3) The name of the owner of the property.

(4) The full name and address of, and the type of business, if any, conducted by:

(A) each person who at the time of the filing is a party to; and

(B) each person who is a disclosed or an undisclosed principal for whom the party was acting as agent in

entering into;

a contract of sale, lease, option to purchase or lease, agreement to build or develop, or other written agreement of any kind or nature concerning the subject property or the present or future ownership, use, occupancy, possession, or development of the subject property.

(5) A description of the contract of sale, lease, option to purchase or lease, agreement to build or develop, or other written agreement sufficient to disclose the full nature of the interest of the party or of the party's principal in the subject property or in the present or future ownership, use, occupancy, possession, or development of the subject property.

(6) A description of the proposed use for which the rezoning or zoning variance is sought, sufficiently detailed to appraise the notice recipient of the true character, nature, extent, and physical properties of the proposed use.

(7) The date of the filing of the petition.

(8) The date, time, and place of the next regular meeting of the commission if a petition is for approval of a zoning variance. If a petition is filed with the development commission, the notice does not have to specify the date of a hearing before the commission or the development commission. However, the person filing the petition shall give ten (10) days notice of the date, time, and place of a hearing before the commission on the petition after the referral of the petition to the commission by the development commission.

(b) For purposes of giving notice to the interested parties who are owners, the records in the bound volumes of the recent real estate tax assessment records as the records appear in:

(1) the offices of the township assessors; or

(2) the office of the county assessor;

as of the date of filing are considered determinative of the persons who are owners.

SECTION 123. IC 36-7-11.3-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 6. As used in this chapter, "notice" means written notice:

(1) served personally upon the person, official, or office entitled to the notice; or

(2) served upon the person, official, or office by placing the notice in the United States mail, first class postage prepaid, properly addressed to the person, official, or office. Notice is considered served if mailed in the manner prescribed by this subdivision properly addressed to the following:

(A) The governor, both to the address of the governor's official residence and to the governor's executive office in Indianapolis.

(B) The Indiana department of transportation, to the commissioner.

(C) The department of natural resources, both to the director of the department and to the director of the department's division of historic preservation and archeology.

(D) The municipal plan commission.

(E) An occupant, to:

(i) the person by name; or

(ii) if the name is unknown, to the "Occupant" at the

address of the primary or secondary property occupied by the person.

(F) An owner, to the person by the name shown to be the name of the owner, and at the person's address, as appears in the records in the bound volumes of the most recent real estate tax assessment records as the records appear in:

(i) the offices of the township assessors; or

(ii) the office of the county assessor.

(G) The society, to the organization at the latest address as shown in the records of the commission.

SECTION 124. IC 36-7-11.3-52 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 52. (a) A person who has filed a petition under section 50 or 51 of this chapter shall, not later than ten (10) days after the filing, serve notice upon all interested parties. The notice must state the following:

(1) The full name and address of the following:

(A) The petitioner.

(B) Each attorney acting for and on behalf of the petitioner.

(2) The street address of the primary and secondary property for which the petition was filed.

(3) The name of the owner of the property.

(4) The full name and address of and the type of business, if any, conducted by:

(A) each person who at the time of the filing is a party to; and

(B) each person who is a disclosed or an undisclosed principal for whom the party was acting as agent in entering into;

a contract of sale, lease, option to purchase or lease, agreement to build or develop, or other written agreement of any kind or nature concerning the subject property or the present or future ownership, use, occupancy, possession, or development of the subject property.

(5) A description of the contract of sale, lease, option to purchase or lease, agreement to build or develop, or other written agreement sufficient to disclose the full nature of the interest of the party or of the party's principal in the subject property or in the present or future ownership, use, occupancy, possession, or development of the subject property.

(6) A description of the proposed use for which the rezoning or zoning variance is sought, sufficiently detailed to appraise the notice recipient of the true character, nature, extent, and physical properties of the proposed use.

(7) The date of the filing of the petition.

(8) The date, time, and place of the next regular meeting of the commission if a petition is for approval of a zoning variance. If a petition is filed with the development commission, the notice does not have to specify the date of a hearing before the commission or the development commission. However, the person filing the petition shall give ten (10) days notice of the date, time, and place of a hearing before the commission on the petition after the referral of the petition to the commission by the development commission.

(b) For purposes of giving notice to the interested parties who are owners, the records in the bound volumes of the recent real estate tax assessment records as the records appear in:

(1) the offices of the township assessors; or

(2) the office of the county assessor;

as of the date of filing are considered determinative of the persons who are owners.

SECTION 125. IC 36-7-14-25.1, AS AMENDED BY P.L.185-2005, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 25.1. (a) In addition to other methods of raising money for property acquisition or redevelopment in a redevelopment project area, and in anticipation of the special tax to be levied under section 27 of this chapter, the taxes allocated under section 39 of this chapter, or other revenues of the district, or any combination of these sources, the redevelopment commission may, by resolution and subject to subsection (p), issue the bonds of the special taxing district in the name of the unit. The amount of the bonds may not exceed the total, as estimated by the commission, of all expenses reasonably incurred in connection with the acquisition and redevelopment of the property, including:

(1) the total cost of all land, rights-of-way, and other property to be acquired and redeveloped;

(2) all reasonable and necessary architectural, engineering, legal, financing, accounting, advertising, bond discount, and supervisory expenses related to the acquisition and redevelopment of the property or the issuance of bonds;

(3) capitalized interest permitted by this chapter and a debt service reserve for the bonds to the extent the redevelopment commission determines that a reserve is reasonably required; and

(4) expenses that the redevelopment commission is required or permitted to pay under IC 8-23-17.

(b) If the redevelopment commission plans to acquire different parcels of land or let different contracts for redevelopment work at approximately the same time, whether under one (1) or more resolutions, the commission may provide for the total cost in one (1) issue of bonds.

(c) The bonds must be dated as set forth in the bond resolution and negotiable, subject to the requirements of the bond resolution for registering the bonds. The resolution authorizing the bonds must state:

(1) the denominations of the bonds;

(2) the place or places at which the bonds are payable; and

(3) the term of the bonds, which may not exceed fifty (50) years.

The resolution may also state that the bonds are redeemable before maturity with or without a premium, as determined by the redevelopment commission.

(d) The redevelopment commission shall certify a copy of the resolution authorizing the bonds to the municipal or county fiscal officer, who shall then prepare the bonds, subject to subsection (p). The seal of the unit must be impressed on the bonds, or a facsimile of the seal must be printed on the bonds.

(e) The bonds must be executed by the appropriate officer of the unit, and attested by the municipal or county fiscal officer.

(f) The bonds are exempt from taxation for all purposes.

(g) The municipal or county fiscal officer shall give notice of the sale of the bonds by publication in accordance with IC 5-3-1. The municipal fiscal officer, or county fiscal officer or executive, shall sell the bonds to the highest bidder, but may not sell them for less than ninety-seven percent (97%) of their par value. However, bonds payable solely or in part from tax proceeds allocated under section 39(b)(2) of this chapter, or other revenues of the district may be sold at a private negotiated sale.

(h) Except as provided in subsection (i), a redevelopment commission may not issue the bonds when the total issue, including bonds already issued and to be issued, exceeds two percent (2%) of the adjusted value of the taxable property in the special taxing district, as determined under IC 36-1-15.

(i) The bonds are not a corporate obligation of the unit but are an indebtedness of the taxing district. The bonds and interest are payable, as set forth in the bond resolution of the redevelopment commission:

(1) from a special tax levied upon all of the property in the taxing district, as provided by section 27 of this chapter;

(2) from the tax proceeds allocated under section 39(b)(2) of this chapter;

(3) from other revenues available to the redevelopment commission; or

(4) from a combination of the methods stated in subdivisions (1) through (3).

If the bonds are payable solely from the tax proceeds allocated under section 39(b)(2) of this chapter, other revenues of the redevelopment commission, or any combination of these sources, they may be issued in any amount without limitation.

(j) Proceeds from the sale of bonds may be used to pay the cost of interest on the bonds for a period not to exceed five (5) years from the date of issuance.

(k) All laws relating to the giving of notice of the issuance of bonds, the giving of notice of a hearing on the appropriation of the proceeds of the bonds, the right of taxpayers to appear and be heard on the proposed appropriation, and the approval of the appropriation by the department of local government finance apply to all bonds issued under this chapter that are payable from the special benefits tax levied pursuant to section 27 of this chapter or from taxes allocated under section 39 of this chapter.

(l) All laws relating to the filing of petitions requesting the issuance of bonds and the right of taxpayers **and voters** to remonstrate against the issuance of bonds apply to bonds issued under this chapter, except for bonds payable solely from tax proceeds allocated under section 39(b)(2) of this chapter, other revenues of the redevelopment commission, or any combination of these sources.

(m) If a debt service reserve is created from the proceeds of bonds, the debt service reserve may be used to pay principal and interest on the bonds as provided in the bond resolution.

(n) Any amount remaining in the debt service reserve after all of the bonds of the issue for which the debt service reserve was established have matured shall be deposited in the allocation fund established under section 39(b)(2) of this chapter.

(o) If bonds are issued under this chapter that are payable solely or in part from revenues to the redevelopment commission from a project or projects, the redevelopment commission may adopt a

resolution or trust indenture or enter into covenants as is customary in the issuance of revenue bonds. The resolution or trust indenture may pledge or assign the revenues from the project or projects, but may not convey or mortgage any project or parts of a project. The resolution or trust indenture may also contain any provisions for protecting and enforcing the rights and remedies of the bond owners as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the redevelopment commission. The redevelopment commission may establish fees and charges for the use of any project and covenant with the owners of any bonds to set those fees and charges at a rate sufficient to protect the interest of the owners of the bonds. Any revenue bonds issued by the redevelopment commission that are payable solely from revenues of the commission shall contain a statement to that effect in the form of bond.

(p) If the total principal amount of bonds authorized by a resolution of the redevelopment commission is equal to or greater than three million dollars (\$3,000,000), the bonds may not be issued without the approval, by resolution, of the legislative body of the unit.

SECTION 126. IC 36-7-14-48, AS ADDED BY P.L.154-2006, SECTION 76, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 48. (a) Notwithstanding section 39(a) of this chapter, with respect to the allocation and distribution of property taxes for the accomplishment of a program adopted under section 45 of this chapter, "base assessed value" means the net assessed value of all of the property, other than personal property, as finally determined for the assessment date immediately preceding the effective date of the allocation provision, as adjusted under section 39(h) of this chapter.

(b) The allocation fund established under section 39(b) of this chapter for the allocation area for a program adopted under section 45 of this chapter may be used only for purposes related to the accomplishment of the program, including the following:

- (1) The construction, rehabilitation, or repair of residential units within the allocation area.
- (2) The construction, reconstruction, or repair of any infrastructure (including streets, sidewalks, and sewers) within or serving the allocation area.
- (3) The acquisition of real property and interests in real property within the allocation area.
- (4) The demolition of real property within the allocation area.
- (5) The provision of financial assistance to enable individuals and families to purchase or lease residential units within the allocation area. However, financial assistance may be provided only to those individuals and families whose income is at or below the county's median income for individuals and families, respectively.
- (6) The provision of financial assistance to neighborhood development corporations to permit them to provide financial assistance for the purposes described in subdivision (5).
- (7) Providing each taxpayer in the allocation area a credit for property tax replacement as determined under subsections (c) and (d). However, the commission may provide this credit only if the municipal legislative body (in the case of a redevelopment commission established by a municipality) or the county executive (in the case of a redevelopment

commission established by a county) establishes the credit by ordinance adopted in the year before the year in which the credit is provided.

(c) The maximum credit that may be provided under subsection (b)(7) to a taxpayer in a taxing district that contains all or part of an allocation area established for a program adopted under section 45 of this chapter shall be determined as follows:

STEP ONE: Determine that part of the sum of the amounts described in IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) through IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

- (A) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4(a)(1) that is attributable to the taxing district; by
- (B) the amount determined under STEP ONE.

STEP THREE: Multiply:

- (A) the STEP TWO quotient; by
- (B) the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district allocated to the allocation fund, including the amount that would have been allocated but for the credit.

(d) The commission may determine to grant to taxpayers in an allocation area from its allocation fund a credit under this section, as calculated under subsection (c). Except as provided in subsection (g), one-half (1/2) of the credit shall be applied to each installment of taxes (as defined in IC 6-1.1-21-2) that under IC 6-1.1-22-9 are due and payable ~~on May 10 and November 10 of in~~ a year. The commission must provide for the credit annually by a resolution and must find in the resolution the following:

- (1) That the money to be collected and deposited in the allocation fund, based upon historical collection rates, after granting the credit will equal the amounts payable for contractual obligations from the fund, plus ten percent (10%) of those amounts.
- (2) If bonds payable from the fund are outstanding, that there is a debt service reserve for the bonds that at least equals the amount of the credit to be granted.
- (3) If bonds of a lessor under section 25.2 of this chapter or under IC 36-1-10 are outstanding and if lease rentals are payable from the fund, that there is a debt service reserve for those bonds that at least equals the amount of the credit to be granted.

If the tax increment is insufficient to grant the credit in full, the commission may grant the credit in part, prorated among all taxpayers.

(e) Notwithstanding section 39(b) of this chapter, the allocation fund established under section 39(b) of this chapter for the allocation area for a program adopted under section 45 of this chapter may only be used to do one (1) or more of the following:

- (1) Accomplish one (1) or more of the actions set forth in section 39(b)(2)(A) through 39(b)(2)(H) and 39(b)(2)(J) of this chapter for property that is residential in nature.
- (2) Reimburse the county or municipality for expenditures made by the county or municipality in order to accomplish the housing program in that allocation area.

The allocation fund may not be used for operating expenses of the commission.

(f) Notwithstanding section 39(b) of this chapter, the commission shall, relative to the allocation fund established under section 39(b) of this chapter for an allocation area for a program adopted under section 45 of this chapter, do the following before July 15 of each year:

(1) Determine the amount, if any, by which property taxes payable to the allocation fund in the following year will exceed the amount of property taxes necessary:

(A) to make, when due, principal and interest payments on bonds described in section 39(b)(2) of this chapter;

(B) to pay the amount necessary for other purposes described in section 39(b)(2) of this chapter; and

(C) to reimburse the county or municipality for anticipated expenditures described in subsection (e)(2).

(2) Notify the county auditor of the amount, if any, of excess property taxes that the commission has determined may be paid to the respective taxing units in the manner prescribed in section 39(b)(1) of this chapter.

(g) This subsection applies to an allocation area only to the extent that the net assessed value of property that is assessed as residential property under the rules of the department of local government finance is not included in the base assessed value. If property tax installments with respect to a homestead (as defined in IC 6-1.1-20.9-1) are due in installments established by the department of local government finance under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an allocation area is entitled to an additional credit under subsection (d) for the taxes (as defined in IC 6-1.1-21-2) due in installments. The credit shall be applied in the same proportion to each installment of taxes (as defined in IC 6-1.1-21-2).

SECTION 127. IC 36-7-14.5-12.5, AS AMENDED BY P.L.1-2006, SECTION 567, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12.5. (a) This section applies only to an authority in a county having a United States government military base that is scheduled for closing or is completely or partially inactive or closed.

(b) In order to accomplish the purposes set forth in section 11 of this chapter, an authority may create an economic development area:

(1) by following the procedures set forth in IC 36-7-14-41 for the establishment of an economic development area by a redevelopment commission; and

(2) with the same effect as if the economic development area was created by a redevelopment commission.

The area established under this section shall be established only in the area where a United States government military base that is scheduled for closing or is completely or partially inactive or closed is or was located.

(c) In order to accomplish the purposes set forth in section 11 of this chapter, an authority may do the following in a manner that serves an economic development area created under this section:

(1) Acquire by purchase, exchange, gift, grant, condemnation, or lease, or any combination of methods, any personal property or interest in real property needed for the redevelopment of economic development areas located within

the corporate boundaries of the unit.

(2) Hold, use, sell (by conveyance by deed, land sale contract, or other instrument), exchange, lease, rent, or otherwise dispose of property acquired for use in the redevelopment of economic development areas on the terms and conditions that the authority considers best for the unit and the unit's inhabitants.

(3) Sell, lease, or grant interests in all or part of the real property acquired for redevelopment purposes to any other department of the unit or to any other governmental agency for public ways, levees, sewerage, parks, playgrounds, schools, and other public purposes on any terms that may be agreed on.

(4) Clear real property acquired for redevelopment purposes.

(5) Repair and maintain structures acquired for redevelopment purposes.

(6) Remodel, rebuild, enlarge, or make major structural improvements on structures acquired for redevelopment purposes.

(7) Survey or examine any land to determine whether the land should be included within an economic development area to be acquired for redevelopment purposes and to determine the value of that land.

(8) Appear before any other department or agency of the unit, or before any other governmental agency in respect to any matter affecting:

(A) real property acquired or being acquired for redevelopment purposes; or

(B) any economic development area within the jurisdiction of the authority.

(9) Institute or defend in the name of the unit any civil action, but all actions against the authority must be brought in the circuit or superior court of the county where the authority is located.

(10) Use any legal or equitable remedy that is necessary or considered proper to protect and enforce the rights of and perform the duties of the authority.

(11) Exercise the power of eminent domain in the name of and within the corporate boundaries of the unit subject to the same conditions and procedures that apply to the exercise of the power of eminent domain by a redevelopment commission under IC 36-7-14.

(12) Appoint an executive director, appraisers, real estate experts, engineers, architects, surveyors, and attorneys.

(13) Appoint clerks, guards, laborers, and other employees the authority considers advisable, except that those appointments must be made in accordance with the merit system of the unit if such a system exists.

(14) Prescribe the duties and regulate the compensation of employees of the authority.

(15) Provide a pension and retirement system for employees of the authority by using the public employees' retirement fund or a retirement plan approved by the United States Department of Housing and Urban Development.

(16) Discharge and appoint successors to employees of the authority subject to subdivision (13).

(17) Rent offices for use of the department or authority, or

accept the use of offices furnished by the unit.

(18) Equip the offices of the authority with the necessary furniture, furnishings, equipment, records, and supplies.

(19) Design, order, contract for, and construct, reconstruct, improve, or renovate the following:

(A) Any local public improvement or structure that is necessary for redevelopment purposes or economic development within the corporate boundaries of the unit.

(B) Any structure that enhances development or economic development.

(20) Contract for the construction, extension, or improvement of pedestrian skyways (as defined in IC 36-7-14-12.2(c)).

(21) Accept loans, grants, and other forms of financial assistance from, or contract with, the federal government, the state government, a municipal corporation, a special taxing district, a foundation, or any other source.

(22) Make and enter into all contracts and agreements necessary or incidental to the performance of the duties of the authority and the execution of the powers of the authority under this chapter.

(23) Take any action necessary to implement the purpose of the authority.

(24) Provide financial assistance, in the manner that best serves the purposes set forth in section 11 of this chapter, including grants and loans, to enable private enterprise to develop, redevelop, and reuse military base property or otherwise enable private enterprise to provide social and economic benefits to the citizens of the unit.

(d) An authority may designate all or a portion of an economic development area created under this section as an allocation area by following the procedures set forth in IC 36-7-14-39 for the establishment of an allocation area by a redevelopment commission. The allocation provision may modify the definition of "property taxes" under IC 36-7-14-39(a) to include taxes imposed under IC 6-1.1 on the depreciable personal property located and taxable on the site of operations of designated taxpayers in accordance with the procedures applicable to a commission under IC 36-7-14-39.3. IC 36-7-14-39.3 applies to such a modification. An allocation area established by an authority under this section is a special taxing district authorized by the general assembly to enable the unit to provide special benefits to taxpayers in the allocation area by promoting economic development that is of public use and benefit. For allocation areas established for an economic development area created under this section after June 30, 1997, and to the expanded portion of an allocation area for an economic development area that was established before June 30, 1997, and that is expanded under this section after June 30, 1997, the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date, must be allocated. All of the provisions of IC 36-7-14-39, IC 36-7-14-39.1, and IC 36-7-14-39.5 apply to an allocation area created under this section, except that the authority shall be vested with the rights and duties of a commission as referenced in those sections, and except that, notwithstanding IC 36-7-14-39(b)(2), property tax proceeds paid into the allocation fund may be used by the authority only to do one (1) or more of the following:

(1) Pay the principal of and interest and redemption premium on any obligations incurred by the special taxing district or any other entity for the purpose of financing or refinancing military base reuse activities in or serving or benefiting that allocation area.

(2) Establish, augment, or restore the debt service reserve for obligations payable solely or in part from allocated tax proceeds in that allocation area or from other revenues of the authority (including lease rental revenues).

(3) Make payments on leases payable solely or in part from allocated tax proceeds in that allocation area.

(4) Reimburse any other governmental body for expenditures made by it for local public improvements or structures in or serving or benefiting that allocation area.

(5) Pay all or a portion of a property tax replacement credit to taxpayers in an allocation area as determined by the authority. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

(B) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under IC 36-7-14-39.5 in the same year.

(6) Pay expenses incurred by the authority for local public improvements or structures that are in the allocation area or serving or benefiting the allocation area.

(7) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(A) in the allocation area; and

(B) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in clause (B). The reimbursements under this subdivision must be made within three (3) years after the date on which the investments that are

the basis for the increment financing are made. The allocation fund may not be used for operating expenses of the authority.

(e) In addition to other methods of raising money for property acquisition, redevelopment, or economic development activities in or directly serving or benefitting an economic development area created by an authority under this section, and in anticipation of the taxes allocated under subsection (d), other revenues of the authority, or any combination of these sources, the authority may, by resolution, issue the bonds of the special taxing district in the name of the unit. Bonds issued under this section may be issued in any amount without limitation. The following apply if such a resolution is adopted:

(1) The authority shall certify a copy of the resolution authorizing the bonds to the municipal or county fiscal officer, who shall then prepare the bonds. The seal of the unit must be impressed on the bonds, or a facsimile of the seal must be printed on the bonds.

(2) The bonds must be executed by the appropriate officer of the unit and attested by the unit's fiscal officer.

(3) The bonds are exempt from taxation for all purposes.

(4) Bonds issued under this section may be sold at public sale in accordance with IC 5-1-11 or at a negotiated sale.

(5) The bonds are not a corporate obligation of the unit but are an indebtedness of the taxing district. The bonds and interest are payable, as set forth in the bond resolution of the authority:

(A) from the tax proceeds allocated under subsection (d);

(B) from other revenues available to the authority; or

(C) from a combination of the methods stated in clauses

(A) and (B).

(6) Proceeds from the sale of bonds may be used to pay the cost of interest on the bonds for a period not to exceed five (5) years from the date of issuance.

(7) Laws relating to the filing of petitions requesting the issuance of bonds and the right of taxpayers **and voters** to remonstrate against the issuance of bonds do not apply to bonds issued under this section.

(8) If a debt service reserve is created from the proceeds of bonds, the debt service reserve may be used to pay principal and interest on the bonds as provided in the bond resolution.

(9) If bonds are issued under this chapter that are payable solely or in part from revenues to the authority from a project or projects, the authority may adopt a resolution or trust indenture or enter into covenants as is customary in the issuance of revenue bonds. The resolution or trust indenture may pledge or assign the revenues from the project or projects. The resolution or trust indenture may also contain any provisions for protecting and enforcing the rights and remedies of the bond owners as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the authority. The authority may establish fees and charges for the use of any project and covenant with the owners of any bonds to set those fees and charges at a rate sufficient to protect the interest of the owners of the bonds. Any revenue bonds issued by the authority that are payable solely from revenues of the authority shall contain a statement to that effect in the form of bond.

(f) Notwithstanding section 8(a) of this chapter, an ordinance adopted under section 11 of this chapter may provide, or be amended to provide, that the board of directors of the authority shall be composed of not fewer than three (3) nor more than eleven (11) members, who must be residents of the unit appointed by the executive of the unit.

(g) The acquisition of real and personal property by an authority under this section is not subject to the provisions of IC 5-22, IC 36-1-10.5, IC 36-7-14-19, or any other statutes governing the purchase of property by public bodies or their agencies.

(h) An authority may negotiate for the sale, lease, or other disposition of real and personal property without complying with the provisions of IC 5-22-22, IC 36-1-11, IC 36-7-14-22, or any other statute governing the disposition of public property.

(i) Notwithstanding any other law, utility services provided within an economic development area established under this section are subject to regulation by the appropriate regulatory agencies unless the utility service is provided by a utility that provides utility service solely within the geographic boundaries of an existing or a closed military installation, in which case the utility service is not subject to regulation for purposes of rate making, regulation, service delivery, or issuance of bonds or other forms of indebtedness. However, this exemption from regulation does not apply to utility service if the service is generated, treated, or produced outside the boundaries of the existing or closed military installation.

SECTION 128. IC 36-7-15.1-17, AS AMENDED BY P.L.185-2005, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) In addition to other methods of raising money for property acquisition or redevelopment in a redevelopment project area, and in anticipation of the special tax to be levied under section 19 of this chapter, the taxes allocated under section 26 of this chapter, or other revenues of the redevelopment district, the commission may, by resolution, issue the bonds of the redevelopment district in the name of the consolidated city and in accordance with IC 36-3-5-8. The amount of the bonds may not exceed the total, as estimated by the commission, of all expenses reasonably incurred in connection with the acquisition and redevelopment of the property, including:

(1) the total cost of all land, rights-of-way, and other property to be acquired and redeveloped;

(2) all reasonable and necessary architectural, engineering, legal, financing, accounting, advertising, bond discount, and supervisory expenses related to the acquisition and redevelopment of the property or the issuance of bonds;

(3) capitalized interest permitted in this chapter and a debt service reserve for the bonds, to the extent that the redevelopment commission determines that a reserve is reasonably required;

(4) the total cost of all clearing and construction work provided for in the resolution; and

(5) expenses that the commission is required or permitted to pay under IC 8-23-17.

(b) If the commission plans to acquire different parcels of land or let different contracts for redevelopment work at approximately the same time, whether under one (1) or more resolutions, the commission may provide for the total cost in one (1) issue of bonds.

(c) The bonds must be dated as set forth in the bond resolution

and negotiable subject to the requirements of the bond resolution for the registration of the bonds. The resolution authorizing the bonds must state:

- (1) the denominations of the bonds;
- (2) the place or places at which the bonds are payable; and
- (3) the term of the bonds, which may not exceed fifty (50) years.

The resolution may also state that the bonds are redeemable before maturity with or without a premium, as determined by the commission.

(d) The commission shall certify a copy of the resolution authorizing the bonds to the fiscal officer of the consolidated city, who shall then prepare the bonds. The seal of the unit must be impressed on the bonds, or a facsimile of the seal must be printed on the bonds.

(e) The bonds shall be executed by the city executive and attested by the fiscal officer. The interest coupons, if any, shall be executed by the facsimile signature of the fiscal officer.

(f) The bonds are exempt from taxation as provided by IC 6-8-5.

(g) The city fiscal officer shall sell the bonds according to law. Notwithstanding IC 36-3-5-8, bonds payable solely or in part from tax proceeds allocated under section 26(b)(2) of this chapter or other revenues of the district may be sold at private negotiated sale and at a price or prices not less than ninety-seven percent (97%) of the par value.

(h) The bonds are not a corporate obligation of the city but are an indebtedness of the redevelopment district. The bonds and interest are payable:

- (1) from a special tax levied upon all of the property in the redevelopment district, as provided by section 19 of this chapter;
- (2) from the tax proceeds allocated under section 26(b)(2) of this chapter;
- (3) from other revenues available to the commission; or
- (4) from a combination of the methods stated in subdivisions (1) through (3);

and from any revenues of the designated project. If the bonds are payable solely from the tax proceeds allocated under section 26(b)(2) of this chapter, other revenues of the redevelopment commission, or any combination of these sources, they may be issued in any amount without limitation.

(i) Proceeds from the sale of the bonds may be used to pay the cost of interest on the bonds for a period not to exceed five (5) years from the date of issue.

(j) Notwithstanding IC 36-3-5-8, the laws relating to the filing of petitions requesting the issuance of bonds and the right of taxpayers **and voters** to remonstrate against the issuance of bonds applicable to bonds issued under this chapter do not apply to bonds payable solely or in part from tax proceeds allocated under section 26(b)(2) of this chapter, other revenues of the commission, or any combination of these sources.

(k) If bonds are issued under this chapter that are payable solely or in part from revenues to the commission from a project or projects, the commission may adopt a resolution or trust indenture or enter into covenants as is customary in the issuance of revenue bonds. The resolution or trust indenture may pledge or assign the revenues from the project or projects, but may not convey or

mortgage any project or parts of a project. The resolution or trust indenture may also contain any provisions for protecting and enforcing the rights and remedies of the bond owners as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the commission. The commission may establish fees and charges for the use of any project and covenant with the owners of any bonds to set those fees and charges at a rate sufficient to protect the interest of the owners of the bonds. Any revenue bonds issued by the commission that are payable solely from revenues of the commission must contain a statement to that effect in the form of bond.

SECTION 129. IC 36-7-15.1-26.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 26.5. (a) As used in this section, "adverse determination" means a determination by the fiscal officer of the consolidated city that the granting of credits described in subsection (g) or (h) would impair any contract with or otherwise adversely affect the owners of outstanding bonds payable from the allocation area special fund.

(b) As used in this section, "allocation area" has the meaning set forth in section 26 of this chapter.

(c) As used in this section, "special fund" refers to the special fund into which property taxes are paid under section 26 of this chapter.

(d) As used in this section, "taxing district" has the meaning set forth in IC 6-1.1-1-20.

(e) Except as provided in subsections (g), (h), (i), and (j), each taxpayer in an allocation area is entitled to an additional credit for taxes (as defined in IC 6-1.1-21-2) that, under IC 6-1.1-22-9, are due and payable in ~~May and November~~ of that year. Except as provided in subsection (j), one-half (1/2) of the credit shall be applied to each installment of taxes (as defined in IC 6-1.1-21-2). This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

(B) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that would have been allocated to an allocation fund under section 26 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated to the redevelopment district and paid into the special fund.

(f) The credit for property tax replacement under IC 6-1.1-21-5 and the additional credits under subsections (e), (g), (h), and (i), unless the credits under subsections (g) and (h) are partial credits, shall be computed on an aggregate basis for all taxpayers in a taxing

district that contains all or part of an allocation area. Except as provided in subsections (h) and (i), the credit for property tax replacement under IC 6-1.1-21-5 and the additional credits under subsections (e), (g), (h), and (i) shall be combined on the tax statements sent to each taxpayer.

(g) This subsection applies to an allocation area if allocated taxes from that area were pledged to bonds, leases, or other obligations of the commission before May 8, 1989. A credit calculated using the method provided in subsection (e) may be granted under this subsection. The credit provided under this subsection is first applicable for the allocation area for property taxes first due and payable in 1992. The following apply to the determination of the credit provided under this subsection:

(1) Before June 15 of each year, the fiscal officer of the consolidated city shall determine and certify the following:

(A) All amounts due in the following year to the owners of outstanding bonds payable from the allocation area special fund.

(B) All amounts that are:

(i) required under contracts with bond holders; and

(ii) payable from the allocation area special fund to fund accounts and reserves.

(C) An estimate of the amount of personal property taxes available to be paid into the allocation area special fund under section 26.9(c) of this chapter.

(D) An estimate of the aggregate amount of credits to be granted if full credits are granted.

(2) Before June 15 of each year, the fiscal officer of the consolidated city shall determine if the granting of the full amount of credits in the following year would impair any contract with or otherwise adversely affect the owners of outstanding bonds payable from the allocation area special fund.

(3) If the fiscal officer of the consolidated city determines under subdivision (2) that there would not be an impairment or adverse effect:

(A) the fiscal officer of the consolidated city shall certify the determination; and

(B) the full credits shall be applied in the following year, subject to the determinations and certifications made under section 26.7(b) of this chapter.

(4) If the fiscal officer of the consolidated city makes an adverse determination under subdivision (2), the fiscal officer of the consolidated city shall determine whether there is an amount of partial credits that, if granted in the following year, would not result in the impairment or adverse effect. If the fiscal officer determines that there is an amount of partial credits that would not result in the impairment or adverse effect, the fiscal officer shall do the following:

(A) Determine the amount of the partial credits.

(B) Certify that determination.

(5) If the fiscal officer of the consolidated city certifies under subdivision (4) that partial credits may be paid, the partial credits shall be applied pro rata among all affected taxpayers in the following year.

(6) An affected taxpayer may appeal any of the following to the circuit or superior court of the county in which the

allocation area is located:

(A) A determination by the fiscal officer of the consolidated city that:

(i) credits may not be paid in the following year; or

(ii) only partial credits may be paid in the following year.

(B) A failure by the fiscal officer of the consolidated city to make a determination by June 15 of whether full or partial credits are payable under this subsection.

(7) An appeal of a determination must be filed not later than thirty (30) days after the publication of the determination.

(8) An appeal of a failure by the fiscal officer of the consolidated city to make a determination of whether the credits are payable under this subsection must be filed by July 15 of the year in which the determination should have been made.

(9) All appeals under subdivision (6) shall be decided by the court within sixty (60) days.

(h) This subsection applies to an allocation area if allocated taxes from that area were pledged to bonds, leases, or other obligations of the commission before May 8, 1989. A credit calculated using the method in subsection (e) and in subdivision (2) may be granted under this subsection. The following apply to the credit granted under this subsection:

(1) The credit is applicable to property taxes first due and payable in 1991.

(2) For purposes of this subsection, the amount of a credit for 1990 taxes payable in 1991 with respect to an affected taxpayer is equal to:

(A) the amount of the quotient determined under STEP TWO of subsection (e); multiplied by

(B) the total amount of the property taxes payable by the taxpayer that were allocated in 1991 to the allocation area special fund under section 26 of this chapter.

(3) Before June 15, 1991, the fiscal officer of the consolidated city shall determine and certify an estimate of the aggregate amount of credits for 1990 taxes payable in 1991 if the full credits are granted.

(4) The fiscal officer of the consolidated city shall determine whether the granting of the full amounts of the credits for 1990 taxes payable in 1991 against 1991 taxes payable in 1992 and the granting of credits under subsection (g) would impair any contract with or otherwise adversely affect the owners of outstanding bonds payable from the allocation area special fund for an allocation area described in subsection (g).

(5) If the fiscal officer of the consolidated city determines that there would not be an impairment or adverse effect under subdivision (4):

(A) the fiscal officer shall certify that determination; and

(B) the full credits shall be applied against 1991 taxes payable in 1992 or the amount of the credits shall be paid to the taxpayers as provided in subdivision (12), subject to the determinations and certifications made under section 26.7(b) of this chapter.

(6) If the fiscal officer of the consolidated city makes an adverse determination under subdivision (4), the fiscal officer shall determine whether there is an amount of partial credits

for 1990 taxes payable in 1991 that, if granted against 1991 taxes payable in 1992 in addition to granting of the credits under subsection (g), would not result in the impairment or adverse effect.

(7) If the fiscal officer of the consolidated city determines under subdivision (6) that there is an amount of partial credits that would not result in the impairment or adverse effect, the fiscal officer shall determine the amount of partial credits and certify that determination.

(8) If the fiscal officer of the consolidated city certifies under subdivision (7) that partial credits may be paid, the partial credits shall be applied pro rata among all affected taxpayers against 1991 taxes payable in 1992.

(9) An affected taxpayer may appeal any of the following to the circuit or superior court of the county in which the allocation area is located:

(A) A determination by the fiscal officer of the consolidated city that:

(i) credits may not be paid for 1990 taxes payable in 1991; or

(ii) only partial credits may be paid for 1990 taxes payable in 1991.

(B) A failure by the fiscal officer of the consolidated city to make a determination by June 15, 1991, of whether credits are payable under this subsection.

(10) An appeal of a determination must be filed not later than thirty (30) days after the publication of the determination. Any such appeal shall be decided by the court within sixty (60) days.

(11) An appeal of a failure by the fiscal officer of the consolidated city to make a determination of whether credits are payable under this subsection must be filed by July 15, 1991. Any such appeal shall be decided by the court within sixty (60) days.

(12) If 1991 taxes payable in 1992 with respect to a parcel are billed to the same taxpayer to which 1990 taxes payable in 1991 were billed, the county treasurer shall apply to the tax bill for 1991 taxes payable in 1992 both the credit provided under subsection (g) and the credit provided under this subsection, along with any credit determined to be applicable to the tax bill under subsection (i). In the alternative, at the election of the county auditor, the county may pay to the taxpayer the amount of the credit by May 10, 1992, and the amount shall be charged to the taxing units in which the allocation area is located in the proportion of the taxing units' respective tax rates for 1990 taxes payable in 1991.

(13) If 1991 taxes payable in 1992 with respect to a parcel are billed to a taxpayer other than the taxpayer to which 1990 taxes payable in 1991 were billed, the county treasurer shall do the following:

(A) Apply only the credits under subsections (g) and (i) to the tax bill for 1991 taxes payable in 1992.

(B) Give notice by June 30, 1991, by publication two (2) times in three (3) newspapers in the county with the largest circulation of the availability of a refund of the credit under this subsection.

A taxpayer entitled to a credit must file an application for

refund of the credit with the county auditor not later than November 30, 1991.

(14) A taxpayer who files an application by November 30, 1991, is entitled to payment from the county treasurer in an amount that is in the same proportion to the credit provided under this subsection with respect to a parcel as the amount of 1990 taxes payable in 1991 paid by the taxpayer with respect to the parcel bears to the 1990 taxes payable in 1991 with respect to the parcel. This amount shall be paid to the taxpayer by May 10, 1992, and shall be charged to the taxing units in which the allocation area is located in the proportion of the taxing units' respective tax rates for 1990 taxes payable in 1991.

(i) This subsection applies to an allocation area if allocated taxes from that area were pledged to bonds, leases, or other obligations of the commission before May 8, 1989. The following apply to the credit granted under this subsection:

(1) A prior year credit is applicable to property taxes first due and payable in each year from 1987 through 1990 (the "prior years").

(2) The credit for each prior year is equal to:

(A) the amount of the quotient determined under STEP TWO of subsection (e) for the prior year; multiplied by
(B) the total amount of the property taxes paid by the taxpayer that were allocated in the prior year to the allocation area special fund under section 26 of this chapter.

(3) Before January 31, 1992, the county auditor shall determine the amount of credits under subdivision (2) with respect to each parcel in the allocation area for all prior years with respect to which:

(A) taxes were billed to the same taxpayer for taxes payable in each year from 1987 through 1991; or

(B) an application was filed by November 30, 1991, under subdivision (8) for refund of the credits for prior years.

A report of the determination by parcel shall be sent by the county auditor to the department of local government finance and the budget agency within five (5) days of such determination.

(4) Before January 31, 1992, the county auditor shall determine the quotient of the amounts determined under subdivision (3) with respect to each parcel divided by six (6).

(5) Before January 31, 1992, the county auditor shall determine the quotient of the aggregate amounts determined under subdivision (3) with respect to all parcels divided by twelve (12).

(6) Except as provided in subdivisions (7) and (9), in each year in which credits from prior years remain unpaid, credits for the prior years in the amounts determined under subdivision (4) shall be applied as provided in this subsection.

(7) If taxes payable in the current year with respect to a parcel are billed to the same taxpayer to which taxes payable in all of the prior years were billed and if the amount determined under subdivision (3) with respect to the parcel is at least five hundred dollars (\$500), the county treasurer shall apply the credits provided for the current year under subsections (g) and (h) and the credit in the amount determined under subdivision

(4) to the tax bill for taxes payable in the current year. However, if the amount determined under subdivision (3) with respect to the parcel is less than five hundred dollars (\$500) (referred to in this subdivision as "small claims"), the county may, at the election of the county auditor, either apply a credit in the amount determined under subdivision (3) or (4) to the tax bill for taxes payable in the current year or pay either amount to the taxpayer. If title to a parcel transfers in a year in which a credit under this subsection is applied to the tax bill, the transferor may file an application with the county auditor within thirty (30) days of the date of the transfer of title to the parcel for payments to the transferor at the same times and in the same amounts that would have been allowed as credits to the transferor under this subsection if there had not been a transfer. If a determination is made by the county auditor to refund or credit small claims in the amounts determined under subdivision (3) in 1992, the county auditor may make appropriate adjustments to the credits applied with respect to other parcels so that the total refunds and credits in any year will not exceed the payments made from the state property tax replacement fund to the prior year credit fund referred to in subdivision (11) in that year.

(8) If taxes payable in the current year with respect to a parcel are billed to a taxpayer that is not a taxpayer to which taxes payable in all of the prior years were billed, the county treasurer shall do the following:

(A) Apply only the credits under subsections (g) and (h) to the tax bill for taxes payable in the current year.

(B) Give notice by June 30, 1991, by publication two (2) times in three (3) newspapers in the county with the largest circulation of the availability of a refund of the credit.

A taxpayer entitled to the credit must file an application for refund of the credit with the county auditor not later than November 30, 1991. A refund shall be paid to an eligible applicant by May 10, 1992.

(9) A taxpayer who filed an application by November 30, 1991, is entitled to payment from the county treasurer under subdivision (8) in an amount that is in the same proportion to the credit determined under subdivision (3) with respect to a parcel as the amount of taxes payable in the prior years paid by the taxpayer with respect to the parcel bears to the taxes payable in the prior years with respect to the parcel.

(10) In each year on May 1 and November 1, the state shall pay to the county treasurer from the state property tax replacement fund the amount determined under subdivision (5).

(11) All payments received from the state under subdivision (10) shall be deposited into a special fund to be known as the prior year credit fund. The prior year credit fund shall be used to make:

(A) payments under subdivisions (7) and (9); and

(B) deposits into the special fund for the application of prior year credits.

(12) All amounts paid into the special fund for the allocation area under subdivision (11) are subject to any pledge of allocated property tax proceeds made by the redevelopment district under section 26(d) of this chapter, including but not

limited to any pledge made to owners of outstanding bonds of the redevelopment district of allocated taxes from that area.

(13) By January 15, 1993, and by January 15 of each year thereafter, the county auditor shall send to the department of local government finance and the budget agency a report of the receipts, earnings, and disbursements of the prior year credit fund for the prior calendar year. If in the final year that credits under subsection (i) are allowed any balance remains in the prior year credit fund after the payment of all credits payable under this subsection, such balance shall be repaid to the treasurer of state for deposit in the property tax replacement fund.

(14) In each year, the county shall limit the total of all refunds and credits provided for in this subsection to the total amount paid in that year from the property tax replacement fund into the prior year credit fund and any balance remaining from the preceding year in the prior year credit fund.

(j) This subsection applies to an allocation area only to the extent that the net assessed value of property that is assessed as residential property under the rules of the department of local government finance is not included in the base assessed value. If property tax installments with respect to a homestead (as defined in IC 6-1.1-20.9-1) are due in installments established by the department of local government finance under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an allocation area is entitled to an additional credit under subsection (e) for the taxes (as defined in IC 6-1.1-21-2) due in installments. The credit shall be applied in the same proportion to each installment of taxes (as defined in IC 6-1.1-21-2).

SECTION 130. IC 36-7-15.1-32 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 32. (a) The commission must establish a program for housing. The program, which may include such elements as the commission considers appropriate, must be adopted as part of a redevelopment plan or amendment to a redevelopment plan, and must establish an allocation area for purposes of sections 26 and 35 of this chapter for the accomplishment of the program.

(b) The notice and hearing provisions of sections 10 and 10.5 of this chapter apply to the resolution adopted under subsection (a). Judicial review of the resolution may be made under section 11 of this chapter.

(c) Before formal submission of any housing program to the commission, the department shall consult with persons interested in or affected by the proposed program and provide the affected neighborhood associations, residents, ~~and~~ township assessors, **and the county assessor** with an adequate opportunity to participate in an advisory role in planning, implementing, and evaluating the proposed program. The department may hold public meetings in the affected neighborhood to obtain the views of neighborhood associations and residents.

SECTION 131. IC 36-7-15.1-35 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 35. (a) Notwithstanding section 26(a) of this chapter, with respect to the allocation and distribution of property taxes for the accomplishment of a program adopted under section 32 of this chapter, "base assessed value" means the net assessed value of all of the land as finally determined for the assessment date immediately preceding

the effective date of the allocation provision, as adjusted under section 26(g) of this chapter. However, "base assessed value" does not include the value of real property improvements to the land.

(b) The special fund established under section 26(b) of this chapter for the allocation area for a program adopted under section 32 of this chapter may be used only for purposes related to the accomplishment of the program, including the following:

- (1) The construction, rehabilitation, or repair of residential units within the allocation area.
- (2) The construction, reconstruction, or repair of infrastructure (such as streets, sidewalks, and sewers) within or serving the allocation area.
- (3) The acquisition of real property and interests in real property within the allocation area.
- (4) The demolition of real property within the allocation area.
- (5) To provide financial assistance to enable individuals and families to purchase or lease residential units within the allocation area. However, financial assistance may be provided only to those individuals and families whose income is at or below the county's median income for individuals and families, respectively.
- (6) To provide financial assistance to neighborhood development corporations to permit them to provide financial assistance for the purposes described in subdivision (5).
- (7) To provide each taxpayer in the allocation area a credit for property tax replacement as determined under subsections (c) and (d). However, this credit may be provided by the commission only if the city-county legislative body establishes the credit by ordinance adopted in the year before the year in which the credit is provided.

(c) The maximum credit that may be provided under subsection (b)(7) to a taxpayer in a taxing district that contains all or part of an allocation area established for a program adopted under section 32 of this chapter shall be determined as follows:

STEP ONE: Determine that part of the sum of the amounts described in IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) through IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

- (A) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4(a)(1) that is attributable to the taxing district; by
- (B) the amount determined under STEP ONE.

STEP THREE: Multiply:

- (A) the STEP TWO quotient; by
- (B) the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district allocated to the allocation fund, including the amount that would have been allocated but for the credit.

(d) Except as provided in subsection (g), the commission may determine to grant to taxpayers in an allocation area from its allocation fund a credit under this section, as calculated under subsection (c), by applying one-half (1/2) of the credit to each installment of taxes (as defined in IC 6-1.1-21-2) that under IC 6-1.1-22-9 are due and payable in ~~May and November~~ of a year. Except as provided in subsection (g), one-half (1/2) of the credit

shall be applied to each installment of taxes (as defined in IC 6-1.1-21-2). The commission must provide for the credit annually by a resolution and must find in the resolution the following:

- (1) That the money to be collected and deposited in the allocation fund, based upon historical collection rates, after granting the credit will equal the amounts payable for contractual obligations from the fund, plus ten percent (10%) of those amounts.
- (2) If bonds payable from the fund are outstanding, that there is a debt service reserve for the bonds that at least equals the amount of the credit to be granted.
- (3) If bonds of a lessor under section 17.1 of this chapter or under IC 36-1-10 are outstanding and if lease rentals are payable from the fund, that there is a debt service reserve for those bonds that at least equals the amount of the credit to be granted.

If the tax increment is insufficient to grant the credit in full, the commission may grant the credit in part, prorated among all taxpayers.

(e) Notwithstanding section 26(b) of this chapter, the special fund established under section 26(b) of this chapter for the allocation area for a program adopted under section 32 of this chapter may only be used to do one (1) or more of the following:

- (1) Accomplish one (1) or more of the actions set forth in section 26(b)(2)(A) through 26(b)(2)(H) of this chapter.
- (2) Reimburse the consolidated city for expenditures made by the city in order to accomplish the housing program in that allocation area.

The special fund may not be used for operating expenses of the commission.

(f) Notwithstanding section 26(b) of this chapter, the commission shall, relative to the special fund established under section 26(b) of this chapter for an allocation area for a program adopted under section 32 of this chapter, do the following before July 15 of each year:

- (1) Determine the amount, if any, by which property taxes payable to the allocation fund in the following year will exceed the amount of property taxes necessary:
 - (A) to make, when due, principal and interest payments on bonds described in section 26(b)(2) of this chapter;
 - (B) to pay the amount necessary for other purposes described in section 26(b)(2) of this chapter; and
 - (C) to reimburse the consolidated city for anticipated expenditures described in subsection (e)(2).
- (2) Notify the county auditor of the amount, if any, of excess property taxes that the commission has determined may be paid to the respective taxing units in the manner prescribed in section 26(b)(1) of this chapter.

(g) This subsection applies to an allocation area only to the extent that the net assessed value of property that is assessed as residential property under the rules of the department of local government finance is not included in the base assessed value. If property tax installments with respect to a homestead (as defined in IC 6-1.1-20.9-1) are due in installments established by the department of local government finance under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an allocation area is

entitled to an additional credit under subsection (d) for the taxes (as defined in IC 6-1.1-21-2) due in installments. The credit shall be applied in the same proportion to each installment of taxes (as defined in IC 6-1.1-21-2).

SECTION 132. IC 36-7-15.1-45, AS AMENDED BY P.L.185-2005, SECTION 45, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 45. (a) In addition to other methods of raising money for property acquisition or redevelopment in a redevelopment project area, and in anticipation of the special tax to be levied under section 50 of this chapter, the taxes allocated under section 53 of this chapter, or other revenues of the redevelopment district, a commission may, by resolution, issue the bonds of its redevelopment district in the name of the excluded city. The amount of the bonds may not exceed the total, as estimated by the commission, of all expenses reasonably incurred in connection with the acquisition and redevelopment of the property, including:

- (1) the total cost of all land, rights-of-way, and other property to be acquired and redeveloped;
- (2) all reasonable and necessary architectural, engineering, legal, financing, accounting, advertising, bond discount, and supervisory expenses related to the acquisition and redevelopment of the property or the issuance of bonds;
- (3) capitalized interest permitted in this chapter and a debt service reserve for the bonds, to the extent that the redevelopment commission determines that a reserve is reasonably required;
- (4) the total cost of all clearing and construction work provided for in the resolution; and
- (5) expenses that the commission is required or permitted to pay under IC 8-23-17.

(b) If a commission plans to acquire different parcels of land or let different contracts for redevelopment work at approximately the same time, whether under one (1) or more resolutions, a commission may provide for the total cost in one (1) issue of bonds.

(c) The bonds must be dated as set forth in the bond resolution and negotiable subject to the requirements concerning registration of the bonds. The resolution authorizing the bonds must state:

- (1) the denominations of the bonds;
- (2) the place or places at which the bonds are payable; and
- (3) the term of the bonds, which may not exceed fifty (50) years.

The resolution may also state that the bonds are redeemable before maturity with or without a premium, as determined by the commission.

(d) The commission shall certify a copy of the resolution authorizing the bonds to the fiscal officer of the excluded city, who shall then prepare the bonds. The seal of the unit must be impressed on the bonds, or a facsimile of the seal must be printed on the bonds.

(e) The bonds shall be executed by the excluded city executive and attested by the excluded city fiscal officer. The interest coupons, if any, shall be executed by the facsimile signature of the excluded city fiscal officer.

(f) The bonds are exempt from taxation as provided by IC 6-8-5.

(g) The excluded city fiscal officer shall sell the bonds according to law. Bonds payable solely or in part from tax proceeds allocated

under section 53(b)(2) of this chapter or other revenues of the district may be sold at private negotiated sale and at a price or prices not less than ninety-seven percent (97%) of the par value.

(h) The bonds are not a corporate obligation of the excluded city but are an indebtedness of the redevelopment district. The bonds and interest are payable:

- (1) from a special tax levied upon all of the property in the redevelopment district, as provided by section 50 of this chapter;
- (2) from the tax proceeds allocated under section 53(b)(2) of this chapter;
- (3) from other revenues available to the commission; or
- (4) from a combination of the methods described in subdivisions (1) through (3);

and from any revenues of the designated project. If the bonds are payable solely from the tax proceeds allocated under section 53(b)(2) of this chapter, other revenues of the redevelopment commission, or any combination of these sources, they may be issued in any amount without limitation.

(i) Proceeds from the sale of the bonds may be used to pay the cost of interest on the bonds for a period not to exceed five (5) years from the date of issue.

(j) The laws relating to the filing of petitions requesting the issuance of bonds and the right of taxpayers **and voters** to remonstrate against the issuance of bonds applicable to bonds issued under this chapter do not apply to bonds payable solely or in part from tax proceeds allocated under section 53(b)(2) of this chapter, other revenues of the commission, or any combination of these sources.

(k) If bonds are issued under this chapter that are payable solely or in part from revenues to a commission from a project or projects, a commission may adopt a resolution or trust indenture or enter into covenants as is customary in the issuance of revenue bonds. The resolution or trust indenture may pledge or assign the revenues from the project or projects but may not convey or mortgage any project or parts of a project. The resolution or trust indenture may also contain any provisions for protecting and enforcing the rights and remedies of the bond owners as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the commission. The commission may establish fees and charges for the use of any project and covenant with the owners of bonds to set those fees and charges at a rate sufficient to protect the interest of the owners of the bonds. Any revenue bonds issued by the commission that are payable solely from revenues of the commission must contain a statement to that effect in the form of bond.

SECTION 133. IC 36-7-15.1-56 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 56. (a) As used in this section, "allocation area" has the meaning set forth in section 53 of this chapter.

(b) As used in this section, "taxing district" has the meaning set forth in IC 6-1.1-1-20.

(c) Subject to subsection (e) and except as provided in subsection (h), each taxpayer in an allocation area is entitled to an additional credit for taxes (as defined in IC 6-1.1-21-2) that under IC 6-1.1-22-9 are due and payable in ~~May and November~~ of that year. Except as provided in subsection (h), one-half (1/2) of the

credit shall be applied to each installment of taxes (as defined in IC 6-1.1-21-2). This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that would have been allocated to an allocation fund under section 53 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated to the development district and paid into an allocation fund under section 53(b)(2) of this chapter.

(d) If the additional credit under subsection (c) is not reduced under subsection (e) or (f), the credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (c) shall be computed on an aggregate basis for all taxpayers in a taxing district that contains all or part of an allocation area. The credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (c) shall be combined on the tax statements sent to each taxpayer.

(e) Upon the recommendation of the commission, the excluded city legislative body may, by resolution, provide that the additional credit described in subsection (c):

(1) does not apply in a specified allocation area; or

(2) is to be reduced by a uniform percentage for all taxpayers in a specified allocation area.

(f) Whenever the excluded city legislative body determines that granting the full additional credit under subsection (c) would adversely affect the interests of the holders of bonds or other contractual obligations that are payable from allocated tax proceeds in that allocation area in a way that would create a reasonable expectation that those bonds or other contractual obligations would not be paid when due, the excluded city legislative body must adopt a resolution under subsection (e) to deny the additional credit or reduce it to a level that creates a reasonable expectation that the bonds or other obligations will be paid when due. A resolution adopted under subsection (e) denies or reduces the additional credit for property taxes first due and payable in the allocation area in any year following the year in which the resolution is adopted.

(g) A resolution adopted under subsection (e) remains in effect until it is rescinded by the body that originally adopted it. However, a resolution may not be rescinded if the rescission would adversely affect the interests of the holders of bonds or other obligations that are payable from allocated tax proceeds in that allocation area in a way that would create a reasonable expectation that the principal of

or interest on the bonds or other obligations would not be paid when due. If a resolution is rescinded and no other resolution is adopted, the additional credit described in subsection (c) applies to property taxes first due and payable in the allocation area in each year following the year in which the resolution is rescinded.

(h) This subsection applies to an allocation area only to the extent that the net assessed value of property that is assessed as residential property under the rules of the department of local government finance is not included in the base assessed value. If property tax installments with respect to a homestead (as defined in IC 6-1.1-20.9-1) are due in installments established by the department of local government finance under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an allocation area is entitled to an additional credit under subsection (c) for the taxes (as defined in IC 6-1.1-21-2) due in installments. The credit shall be applied in the same proportion to each installment of taxes (as defined in IC 6-1.1-21-2).

SECTION 134. IC 36-7-30-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 18. (a) In addition to other methods of raising money for property acquisition, redevelopment, or economic development activities in or directly serving or benefiting a military base reuse area, and in anticipation of the taxes allocated under section 25 of this chapter, other revenues of the district, or any combination of these sources, the reuse authority may by resolution issue the bonds of the special taxing district in the name of the unit.

(b) The reuse authority shall certify a copy of the resolution authorizing the bonds to the municipal or county fiscal officer, who shall then prepare the bonds. The seal of the unit must be impressed on the bonds or a facsimile of the seal must be printed on the bonds.

(c) The bonds must be executed by the appropriate officer of the unit, and attested by the unit's fiscal officer.

(d) The bonds are exempt from taxation for all purposes.

(e) Bonds issued under this section may be sold at public sale in accordance with IC 5-1-11 or at a negotiated sale.

(f) The bonds are not a corporate obligation of the unit but are an indebtedness of the taxing district. The bonds and interest are payable, as set forth in the bond resolution of the reuse authority, from any of the following:

(1) The tax proceeds allocated under section 25 of this chapter.

(2) Other revenues available to the reuse authority.

(3) A combination of the methods stated in subdivisions (1) through (2).

If the bonds are payable solely from the tax proceeds allocated under section 25 of this chapter, other revenues of the reuse authority, or any combination of these sources, the bonds may be issued in any amount without limitation.

(g) Proceeds from the sale of bonds may be used to pay the cost of interest on the bonds for a period not to exceed five (5) years after the date of issuance.

(h) All laws relating to the filing of petitions requesting the issuance of bonds and the right of taxpayers **and voters** to remonstrate against the issuance of bonds do not apply to bonds issued under this chapter.

(i) If a debt service reserve is created from the proceeds of bonds, the debt service reserve may be used to pay principal and

interest on the bonds as provided in the bond resolution.

(j) If bonds are issued under this chapter that are payable solely or in part from revenues of the reuse authority, the reuse authority may adopt a resolution or trust indenture or enter into covenants as is customary in the issuance of revenue bonds. The resolution or trust indenture may pledge or assign revenues of the reuse authority and properties becoming available to the reuse authority under this chapter. The resolution or trust indenture may also contain provisions for protecting and enforcing the rights and remedies of the bond owners as may be reasonable and proper and not in violation of law, including a covenant setting forth the duties of the reuse authority. The reuse authority may establish fees and charges for the use of any project and covenant with the owners of any bonds to set the fees and charges at a rate sufficient to protect the interest of the owners of the bonds. Revenue bonds issued by the reuse authority that are payable solely from revenues of the reuse authority shall contain a statement to that effect in the form of the bond.

SECTION 135. IC 36-7-30-27 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 27. (a) As used in this section, "allocation area" has the meaning set forth in section 25 of this chapter.

(b) As used in this section, "taxing district" has the meaning set forth in IC 6-1.1-1-20.

(c) Subject to subsection (e) and except as provided in subsection (h), each taxpayer in an allocation area is entitled to an additional credit for taxes (as defined in IC 6-1.1-21-2) that under IC 6-1.1-22-9 are due and payable in ~~May and November~~ of that year. Except as provided in subsection (h), one-half (1/2) of the credit shall be applied to each installment of taxes (as defined in IC 6-1.1-21-2). This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that would have been allocated to an allocation fund under section 25 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated to the military base reuse district and paid into an allocation fund under section 25(b)(2) of this chapter.

(d) If the additional credit under subsection (c) is not reduced under subsection (e) or (f), the credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (c) shall be computed on an aggregate basis for all taxpayers in a taxing

district that contains all or part of an allocation area. The credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (c) shall be combined on the tax statements sent to each taxpayer.

(e) Upon the recommendation of the reuse authority, the municipal legislative body (in the case of a reuse authority established by a municipality) or the county executive (in the case of a reuse authority established by a county) may by resolution provide that the additional credit described in subsection (c):

(1) does not apply in a specified allocation area; or

(2) is to be reduced by a uniform percentage for all taxpayers in a specified allocation area.

(f) If the municipal legislative body or county executive determines that granting the full additional credit under subsection (c) would adversely affect the interests of the holders of bonds or other contractual obligations that are payable from allocated tax proceeds in that allocation area in a way that would create a reasonable expectation that those bonds or other contractual obligations would not be paid when due, the municipal legislative body or county executive must adopt a resolution under subsection (e) to deny the additional credit or reduce the credit to a level that creates a reasonable expectation that the bonds or other obligations will be paid when due. A resolution adopted under subsection (e) denies or reduces the additional credit for property taxes first due and payable in the allocation area in any year following the year in which the resolution is adopted.

(g) A resolution adopted under subsection (e) remains in effect until rescinded by the body that originally adopted the resolution. However, a resolution may not be rescinded if the rescission would adversely affect the interests of the holders of bonds or other obligations that are payable from allocated tax proceeds in that allocation area in a way that would create a reasonable expectation that the principal of or interest on the bonds or other obligations would not be paid when due. If a resolution is rescinded and no other resolution is adopted, the additional credit described in subsection (c) applies to property taxes first due and payable in the allocation area in each year following the year in which the resolution is rescinded.

(h) This subsection applies to an allocation area only to the extent that the net assessed value of property that is assessed as residential property under the rules of the department of local government finance is not included in the base assessed value. If property tax installments with respect to a homestead (as defined in IC 6-1.1-20.9-1) are due in installments established by the department of local government finance under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an allocation area is entitled to an additional credit under subsection (c) for the taxes (as defined in IC 6-1.1-21-2) due in installments. The credit shall be applied in the same proportion to each installment of taxes (as defined in IC 6-1.1-21-2).

SECTION 136. IC 36-7-30-31 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 31. (a) As used in this section, the following terms have the meanings set forth in IC 6-1.1-1:

(1) Assessed value.

(2) Owner.

(3) Person.

- (4) Personal property.
 - (5) Property taxation.
 - (6) Tangible property.
 - (7) Township assessor.
- (b) As used in this section, "PILOTS" means payments in lieu of taxes.

(c) The general assembly finds the following:

- (1) That the closing of a military base in a unit results in an increased cost to the unit of providing governmental services to the area formerly occupied by the military base.
 - (2) That military base property held by a reuse authority is exempt from property taxation, resulting in the lack of an adequate tax base to support the increased governmental services.
 - (3) That to restore this tax base and provide a proper allocation of the cost of providing governmental services the fiscal body of the unit should be authorized to collect PILOTS from the reuse authority.
 - (4) That the appropriate maximum PILOTS would be the amount of the property taxes that would be paid if the tangible property were not exempt.
- (d) The fiscal body of the unit may adopt an ordinance to require a reuse authority to pay PILOTS at times set forth in the ordinance with respect to tangible property of which the reuse authority is the owner or the lessee and that is exempt from property taxes. The ordinance remains in full force and effect until repealed or modified by the fiscal body.

(e) The PILOTS must be calculated so that the PILOTS do not exceed the amount of property taxes that would have been levied by the fiscal body for the unit upon the tangible property described in subsection (d) if the property were not exempt from property taxation.

(f) PILOTS shall be imposed as are property taxes and shall be based on the assessed value of the tangible property described in subsection (d). **Except as provided in subsection (j)**, the township assessors shall assess the tangible property described in subsection (d) as though the property were not exempt. The reuse authority shall report the value of personal property in a manner consistent with IC 6-1.1-3.

(g) Notwithstanding any other law, a reuse authority is authorized to pay PILOTS imposed under this section from any legally available source of revenues. The reuse authority may consider these payments to be operating expenses for all purposes.

(h) PILOTS shall be deposited in the general fund of the unit and used for any purpose for which the general fund may be used.

(i) PILOTS shall be due as set forth in the ordinance and bear interest, if unpaid, as in the case of other taxes on property. PILOTS shall be treated in the same manner as property taxes for purposes of all procedural and substantive provisions of law.

(j) If the duties of the township assessor have been transferred to the county assessor as described in IC 6-1.1-1-24, a reference to the township assessor in this section is considered to be a reference to the county assessor.

SECTION 137. IC 36-7-30.5-23, AS ADDED BY P.L.203-2005, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 23. (a) In addition to other methods of raising money for property acquisition, redevelopment, reuse, or economic development activities in or

directly serving or benefitting a military base development area, and in anticipation of the taxes allocated under section 30 of this chapter, other revenues of the district, or any combination of these sources, the development authority may by resolution issue the bonds of the development authority.

(b) The secretary-treasurer of the development authority shall prepare the bonds. The seal of the development authority must be impressed on the bonds or a facsimile of the seal must be printed on the bonds.

(c) The bonds must be executed by the president of the development authority and attested by the secretary-treasurer.

(d) The bonds are exempt from taxation for all purposes.

(e) Bonds issued under this section may be sold at public sale in accordance with IC 5-1-11 or at a negotiated sale.

(f) The bonds are not a corporate obligation of a unit but are an indebtedness of only the development authority. The bonds and interest are payable, as set forth in the bond resolution of the development authority, from any of the following:

- (1) The tax proceeds allocated under section 30 of this chapter.
- (2) Other revenues available to the development authority.
- (3) A combination of the methods stated in subdivisions (1) through (2).

The bonds issued under this section may be issued in any amount without limitation.

(g) Proceeds from the sale of bonds may be used to pay the cost of interest on the bonds for a period not to exceed five (5) years after the date of issuance.

(h) All laws relating to the filing of petitions requesting the issuance of bonds and the right of taxpayers **and voters** to remonstrate against the issuance of bonds do not apply to bonds issued under this chapter.

(i) If a debt service reserve is created from the proceeds of bonds, the debt service reserve may be used to pay principal and interest on the bonds as provided in the bond resolution.

(j) If bonds are issued under this chapter that are payable solely or in part from revenues of the development authority, the development authority may adopt a resolution or trust indenture or enter into covenants as is customary in the issuance of revenue bonds. The resolution or trust indenture may pledge or assign revenues of the development authority and properties becoming available to the development authority under this chapter. The resolution or trust indenture may also contain provisions for protecting and enforcing the rights and remedies of the bond owners as may be reasonable and proper and not in violation of law, including a covenant setting forth the duties of the development authority. The development authority may establish fees and charges for the use of any project and covenant with the owners of any bonds to set the fees and charges at a rate sufficient to protect the interest of the owners of the bonds. Revenue bonds issued by the development authority that are payable solely from revenues of the development authority shall contain a statement to that effect in the form of the bond.

SECTION 138. IC 36-7-30.5-32, AS ADDED BY P.L.203-2005, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 32. (a) As used in this section, "allocation area" has the meaning set forth in

section 30 of this chapter.

(b) As used in this section, "taxing district" has the meaning set forth in IC 6-1.1-1-20.

(c) Subject to subsection (e) and except as provided in subsection (h), each taxpayer in an allocation area is entitled to an additional credit for taxes (as defined in IC 6-1.1-21-2) that under IC 6-1.1-22-9 are due and payable in ~~May and November~~ of that year. Except as provided in subsection (h), one-half (1/2) of the credit shall be applied to each installment of taxes (as defined in IC 6-1.1-21-2). This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

(B) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that would have been allocated to an allocation fund under section 30 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated to the military base development district and paid into an allocation fund under section 30(b)(2) of this chapter.

(d) If the additional credit under subsection (c) is not reduced under subsection (e) or (f), the credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (c) shall be computed on an aggregate basis for all taxpayers in a taxing district that contains all or part of an allocation area. The credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (c) shall be combined on the tax statements sent to each taxpayer.

(e) Upon the recommendation of the development authority, the municipal legislative body of an affected municipality or the county executive of an affected county may by resolution provide that the additional credit described in subsection (c):

(1) does not apply in a specified allocation area; or

(2) is to be reduced by a uniform percentage for all taxpayers in a specified allocation area.

(f) If the municipal legislative body or county executive determines that granting the full additional credit under subsection (c) would adversely affect the interests of the holders of bonds or other contractual obligations that are payable from allocated tax proceeds in that allocation area in a way that would create a reasonable expectation that those bonds or other contractual obligations would not be paid when due, the municipal legislative body or county executive must adopt a resolution under subsection (e) to deny the additional credit or reduce the credit to a level that creates a reasonable expectation that the bonds or other obligations

will be paid when due. A resolution adopted under subsection (e) denies or reduces the additional credit for property taxes first due and payable in the allocation area in any year following the year in which the resolution is adopted.

(g) A resolution adopted under subsection (e) remains in effect until rescinded by the body that originally adopted the resolution. However, a resolution may not be rescinded if the rescission would adversely affect the interests of the holders of bonds or other obligations that are payable from allocated tax proceeds in that allocation area in a way that would create a reasonable expectation that the principal of or interest on the bonds or other obligations would not be paid when due. If a resolution is rescinded and no other resolution is adopted, the additional credit described in subsection (c) applies to property taxes first due and payable in the allocation area in each year following the year in which the resolution is rescinded.

(h) This subsection applies to an allocation area only to the extent that the net assessed value of property that is assessed as residential property under the rules of the department of local government finance is not included in the base assessed value. If property tax installments with respect to a homestead (as defined in IC 6-1.1-20.9-1) are due in installments established by the department of local government finance under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an allocation area is entitled to an additional credit under subsection (c) for the taxes (as defined in IC 6-1.1-21-2) due in installments. The credit shall be applied in the same proportion to each installment of taxes (as defined in IC 6-1.1-21-2).

SECTION 139. IC 36-7-30.5-34, AS ADDED BY P.L.203-2005, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 34. (a) As used in this section, the following terms have the meanings set forth in IC 6-1.1-1:

- (1) Assessed value.
- (2) Owner.
- (3) Person.
- (4) Personal property.
- (5) Property taxation.
- (6) Tangible property.
- (7) Township assessor.

(b) As used in this section, "PILOTS" means payments in lieu of taxes.

(c) The general assembly finds the following:

- (1) That the closing of a military base in a unit results in an increased cost to the unit of providing governmental services to the area formerly occupied by the military base.
- (2) That military base property held by a development authority is exempt from property taxation, resulting in the lack of an adequate tax base to support the increased governmental services.
- (3) That to restore this tax base and provide a proper allocation of the cost of providing governmental services the fiscal body of the unit should be authorized to collect PILOTS from the development authority.
- (4) That the appropriate maximum PILOTS would be the amount of the property taxes that would be paid if the tangible property were not exempt.

(d) The fiscal body of the unit may adopt an ordinance to require a development authority to pay PILOTS at times set forth in the ordinance with respect to tangible property of which the development authority is the owner or the lessee and that is exempt from property taxes. The ordinance remains in full force and effect until repealed or modified by the fiscal body.

(e) The PILOTS must be calculated so that the PILOTS do not exceed the amount of property taxes that would have been levied by the fiscal body for the unit upon the tangible property described in subsection (d) if the property were not exempt from property taxation.

(f) PILOTS shall be imposed as are property taxes and shall be based on the assessed value of the tangible property described in subsection (d). **Except as provided in subsection (j)**, the township assessors shall assess the tangible property described in subsection (d) as though the property were not exempt. The development authority shall report the value of personal property in a manner consistent with IC 6-1.1-3.

(g) Notwithstanding any other law, a development authority is authorized to pay PILOTS imposed under this section from any legally available source of revenues. The development authority may consider these payments to be operating expenses for all purposes.

(h) PILOTS shall be deposited in the general fund of the unit and used for any purpose for which the general fund may be used.

(i) PILOTS shall be due as set forth in the ordinance and bear interest, if unpaid, as in the case of other taxes on property. PILOTS shall be treated in the same manner as property taxes for purposes of all procedural and substantive provisions of law.

(j) If the duties of the township assessor have been transferred to the county assessor as described in IC 6-1.1-1-24, a reference to the township assessor in this section is considered to be a reference to the county assessor.

SECTION 140. IC 36-7-32-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 18. (a) A redevelopment commission may, by resolution, provide that each taxpayer in a certified technology park that has been designated as an allocation area is entitled to an additional credit for taxes (as defined in IC 6-1.1-21-2) that, under IC 6-1.1-22-9, are due and payable in ~~May and November~~ of that year. One-half (1/2) of the credit shall be applied to each installment of property taxes. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the certified technology park:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) through IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

- (A) that part of the county's total eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by
- (B) the STEP ONE sum.

STEP THREE: Multiply:

- (A) the STEP TWO quotient; by
- (B) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that would have been allocated to the certified technology park fund under

section 17 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated and paid into the certified technology park fund under section 17 of this chapter.

(b) The additional credit under subsection (a) shall be:

- (1) computed on an aggregate basis of all taxpayers in a taxing district that contains all or part of a certified technology park; and
- (2) combined on the tax statement sent to each taxpayer.

(c) Concurrently with the mailing or other delivery of the tax statement or any corrected tax statement to each taxpayer, as required by IC 6-1.1-22-8(a), each county treasurer shall for each tax statement also deliver to each taxpayer in a certified technology park who is entitled to the additional credit under subsection (a) a notice of additional credit. The actual dollar amount of the credit, the taxpayer's name and address, and the tax statement to which the credit applies must be stated on the notice.

(d) Notwithstanding any other law, a taxpayer in a certified technology park is not entitled to a credit for property tax replacement under IC 6-1.1-21-5.

SECTION 141. IC 36-9-3-31 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 31. (a) This section applies to an authority that includes a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000).

(b) The authority may issue revenue or general obligation bonds under this section.

(c) The board may issue revenue bonds of the authority for the purpose of procuring money to pay the cost of acquiring real or personal property for the purpose of this chapter. The issuance of bonds must be authorized by resolution of the board and approved by the county fiscal bodies of the counties in the authority before issuance. The resolution must provide for the amount, terms, and tenor of the bonds, and for the time and character of notice and mode of making sale of the bonds.

(d) The bonds are payable at the times and places determined by the board, but they may not run more than thirty (30) years after the date of their issuance and must be executed in the name of the authority by an authorized officer of the board and attested by the secretary. The interest coupons attached to the bonds may be executed by placing on them the facsimile signature of the authorized officer of the board.

(e) The president of the authority shall manage and supervise the preparation, advertisement, and sale of the bonds, subject to the authorizing ordinance. Before the sale of bonds, the president shall cause notice of the sale to be published in accordance with IC 5-3-1, setting out the time and place where bids will be received, the amount and maturity dates of the issue, the maximum interest rate, and the terms and conditions of sale and delivery of the bonds. The bonds shall be sold in accordance with IC 5-1-11. After the bonds have been properly sold and executed, the executive director or president shall deliver them to the controller of the authority and take a receipt for them, and shall certify to the treasurer the amount that the purchaser is to pay, together with the name and address of the purchaser. On payment of the purchase price the controller shall deliver the bonds to the purchaser, and the controller and executive

director or president shall report their actions to the board.

(f) General obligation bonds issued under this section are subject to the provisions of IC 5-1 and IC 6-1.1-20 relating to the filing of a petition requesting the issuance of bonds, the appropriation of the proceeds of bonds, the right of taxpayers to appeal and be heard on the proposed appropriation, the approval of the appropriation by the department of local government finance, the right of taxpayers **and voters** to remonstrate against the issuance of bonds, and the sale of bonds for not less than their par value.

(g) Notice of the filing of a petition requesting the issuance of bonds, notice of determination to issue bonds, and notice of the appropriation of the proceeds of the bonds shall be given by posting in the offices of the authority for a period of one (1) week and by publication in accordance with IC 5-3-1.

(h) The bonds are not a corporate indebtedness of any unit, but are an indebtedness of the authority as a municipal corporation. A suit to question the validity of the bonds issued or to prevent their issuance may not be instituted after the date set for sale of the bonds, and after that date the bonds may not be contested for any cause.

(i) The bonds issued under this section and the interest on them are exempt from taxation for all purposes except the financial institutions tax imposed under IC 6-5.5 or a state inheritance tax imposed under IC 6-4.1.

SECTION 142. IC 36-9-4-45 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 45. (a) Bonds issued under this chapter:

- (1) shall be issued in the denomination;
- (2) are payable over a period not to exceed thirty (30) years from the date of the bonds; and
- (3) mature;

as determined by the ordinance authorizing the bond issue.

(b) All bonds issued under this chapter, the interest on them, and the income from them are exempt from taxation to the extent provided by IC 6-8-5-1.

(c) The provisions of IC 6-1.1-20 relating to filing petitions requesting the issuance of bonds and giving notice of those petitions, giving notice of a hearing on the appropriation of the proceeds of the bonds, the right of taxpayers to appear and be heard on the proposed appropriation, the approval of the appropriation by the department of local government finance, and the right of taxpayers **and voters** to remonstrate against the issuance of bonds apply to the issuance of bonds under this chapter.

(d) A suit to question the validity of bonds issued under this chapter or to prevent their issue and sale may not be instituted after the date set for the sale of the bonds, and the bonds are incontestable after that date.

SECTION 143. IC 36-9-11.1-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 11. (a) All property of every kind, including air rights, acquired for off-street parking purposes, and all its funds and receipts, are exempt from taxation for all purposes. When any real property is acquired by the consolidated city, the county auditor shall, upon certification of that fact by the board, cancel all taxes then a lien. The certificate of the board must specifically describe the real property, including air rights, and the purpose for which acquired.

(b) A lessee of the city may not be assessed any tax upon any

land, air rights, or improvements leased from the city, but the separate leasehold interest has the same status as leases on taxable real property, notwithstanding any other law. **Except as provided in subsection (c)**, whenever the city sells any such property to anyone for private use, the property becomes liable for all taxes after that, as other property is so liable and is assessed, and the board shall report all such sales to the township assessor, who shall cause the property to be upon the proper tax records.

(c) If the duties of the township assessor have been transferred to the county assessor as described in IC 6-1.1-1-24, a reference to the township assessor in this section is considered to be a reference to the county assessor.

SECTION 144. IC 36-10-3-24 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 24. (a) In order to raise money to pay for land to be acquired for any of the purposes named in this chapter, to pay for an improvement authorized by this chapter, or both, and in anticipation of the special benefit tax to be levied as provided in this chapter, the board shall cause to be issued, in the name of the unit, the bonds of the district. The bonds may not exceed in amount the total cost of all land to be acquired and all improvements described in the resolution, including all expenses necessarily incurred in connection with the proceedings, together with a sum sufficient to pay the costs of supervision and inspection during the period of construction of a work. The expenses to be covered in the bond issue include all expenses of every kind actually incurred preliminary to acquiring the land and the construction of the work, such as the cost of the necessary record, engineering expenses, publication of notices, preparation of bonds, and other necessary expenses. If more than one (1) resolution or proceeding of the board under section 23 of this chapter is confirmed whereby different parcels of land are to be acquired, or more than one (1) contract for work is let by the board at approximately the same time, the cost involved under all of the resolutions and proceedings may be included in one (1) issue of bonds.

(b) The bonds may be issued in any denomination not less than one thousand dollars (\$1,000) each, in not less than five (5) nor more than forty (40) annual series. The bonds are payable one (1) series each year, beginning at a date after the receipt of taxes from a levy made for that purpose. The bonds are negotiable. The bonds may bear interest at any rate, payable semiannually. After adopting a resolution ordering bonds, the board shall certify a copy of the resolution to the unit's fiscal officer. The fiscal officer shall prepare the bonds and the unit's executive shall execute them, attested by the fiscal officer.

(c) The bonds and the interest on them are exempt from taxation as prescribed by IC 6-8-5-1. Bonds issued under this section are subject to the provisions of IC 5-1 and IC 6-1.1-20 relating to the filing of a petition requesting the issuance of bonds, the right of taxpayers **and voters** to remonstrate against the issuance of bonds, the appropriation of the proceeds of the bonds and approval by the department of local government finance, and the sale of bonds at public sale for not less than their par value.

(d) The board may not have bonds of the district issued under this section that are payable by special taxation when the total issue for that purpose, including the bonds already issued or to be issued, exceeds two percent (2%) of the adjusted value of the taxable property in the district as determined under IC 36-1-15. All bonds

or obligations issued in violation of this subsection are void. The bonds are not obligations or indebtedness of the unit, but constitute an indebtedness of the district as a special taxing district. The bonds and interest are payable only out of a special tax levied upon all the property of the district as prescribed by this chapter. The bonds must recite the terms upon their face, together with the purposes for which they are issued.

SECTION 145. IC 36-10-7.5-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 22. (a) To raise money to pay for land to be acquired for any of the purposes named in this chapter or to pay for an improvement authorized by this chapter, and in anticipation of the special benefit tax to be levied as provided in this chapter, the legislative body shall issue in the name of the township the bonds of the district. The bonds may not exceed in amount the total cost of all land to be acquired and all improvements described in the resolution, including all expenses necessarily incurred in connection with the proceedings, together with a sum sufficient to pay the costs of supervision and inspection during the period of construction of a work. The expenses to be covered in the bond issue include all expenses of every kind actually incurred preliminary to acquiring the land and the construction of the work, such as the cost of the necessary record, engineering expenses, publication of notices, preparation of bonds, and other necessary expenses. If more than one (1) resolution or proceeding of the legislative body under this chapter is confirmed whereby different parcels of land are to be acquired or more than one (1) contract for work is let by the executive at approximately the same time, the cost involved under all of the resolutions and proceedings may be included in one (1) issue of bonds.

(b) The bonds may be issued in any denomination not less than one thousand dollars (\$1,000) each, in not less than five (5) nor more than forty (40) annual series. The bonds are payable one (1) series each year, beginning at a date after the receipt of taxes from a levy made for that purpose. The bonds are negotiable. The bonds may bear interest at any rate, payable semiannually. After adopting a resolution ordering bonds, the legislative body shall certify a copy of the resolution to the township's fiscal officer. The fiscal officer shall prepare the bonds and the executive shall execute the bonds, attested by the fiscal officer.

(c) The bonds and the interest on the bonds are exempt from taxation as prescribed by IC 6-8-5-1. Bonds issued under this section are subject to the provisions of IC 5-1 and IC 6-1.1-20 relating to the filing of a petition requesting the issuance of bonds, the right of taxpayers **and voters** to remonstrate against the issuance of bonds, the appropriation of the proceeds of the bonds with the approval of the department of local government finance, and the sale of bonds at public sale for not less than the par value of the bonds.

(d) The legislative body may not have bonds of the district issued under this section that are payable by special taxation when the total issue for that purpose, including the bonds already issued or to be issued, exceeds two percent (2%) of the total adjusted value of the taxable property in the district as determined under IC 36-1-15. All bonds or obligations issued in violation of this subsection are void. The bonds are not obligations or indebtedness of the township but constitute an indebtedness of the district as a special taxing district. The bonds and interest are payable only out

of a special tax levied upon all the property of the district as prescribed by this chapter. A bond must recite the terms upon the face of the bond, together with the purposes for which the bond is issued.

SECTION 146. IC 36-10-8-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 16. (a) A capital improvement may be financed in whole or in part by the issuance of general obligation bonds of the county or, if the authority was created under IC 18-7-18 (before its repeal on February 24, 1982), also of the city, if the board determines that the estimated annual net income of the capital improvement, plus the estimated annual tax revenues to be derived from any tax revenues made available for this purpose, will not be sufficient to satisfy and pay the principal of and interest on all bonds issued under this chapter, including the bonds then proposed to be issued.

(b) If the board desires to finance a capital improvement in whole or in part as provided in this section, it shall have prepared a resolution to be adopted by the county executive authorizing the issuance of general obligation bonds, or, if the authority was created under IC 18-7-18 (before its repeal on February 24, 1982), by the fiscal body of the city authorizing the issuance of general obligation bonds. The resolution must set forth an itemization of the funds and assets received by the board, together with the board's valuation and certification of the cost. The resolution must state the date or dates on which the principal of the bonds is payable, the maximum interest rate to be paid, and the other terms upon which the bonds shall be issued. The board shall submit the proposed resolution to the proper officers, together with a certificate to the effect that the issuance of bonds in accordance with the resolution will be in compliance with this section. The certificate must also state the estimated annual net income of the capital improvement to be financed by the bonds, the estimated annual tax revenues, and the maximum amount payable in any year as principal and interest on the bonds issued under this chapter, including the bonds proposed to be issued, as the maximum interest rate set forth in the resolution. The bonds issued may mature over a period not exceeding forty (40) years from the date of issue.

(c) Upon receipt of the resolution and certificate, the proper officers may adopt them and take all action necessary to issue the bonds in accordance with the resolution. An action to contest the validity of bonds issued under this section may not be brought after the fifteenth day following the receipt of bids for the bonds.

(d) The provisions of all general statutes relating to:

- (1) the filing of a petition requesting the issuance of bonds and giving notice;
- (2) the right of taxpayers **and voters** to remonstrate against the issuance of bonds;
- (3) the giving of notice of the determination to issue bonds;
- (4) the giving of notice of a hearing on the appropriation of the proceeds of bonds;
- (5) the right of taxpayers to appear and be heard on the proposed appropriation;
- (6) the approval of the appropriation by the department of local government finance; and
- (7) the sale of bonds at public sale;

apply to the issuance of bonds under this section.

SECTION 147. IC 36-10-9-15 IS AMENDED TO READ AS

FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 15. (a) A capital improvement may be financed in whole or in part by the issuance of general obligation bonds of the county.

(b) If the board desires to finance a capital improvement in whole or in part as provided in this section, it shall have prepared a resolution to be adopted by the board of commissioners of the county authorizing the issuance of general obligation bonds. The resolution must state the date or dates on which the principal of the bonds is payable, the maximum interest rate to be paid, and the other terms upon which the bonds shall be issued. The board shall submit the proposed resolution to the board of commissioners of the county, together with a certificate to the effect that the issuance of bonds in accordance with the resolution will be in compliance with this section. The certificate must also state the estimated annual net income of the capital improvement to be financed by the bonds, the estimated annual tax revenues, and the maximum amount payable in any year as principal and interest on the bonds issued under this chapter, including the bonds proposed to be issued, at the maximum interest rate set forth in the resolution. The bonds issued may mature over a period not exceeding forty (40) years from the date of issue.

(c) Upon receipt of the resolution and certificate, the board of commissioners of the county may adopt them and take all action necessary to issue the bonds in accordance with the resolution. An action to contest the validity of bonds issued under this section may not be brought after the fifteenth day following the receipt of bids for the bonds.

(d) The provisions of all general statutes relating to:

- (1) the filing of a petition requesting the issuance of bonds and giving notice;
- (2) the right of taxpayers **and voters** to remonstrate against the issuance of bonds;
- (3) the giving of notice of the determination to issue bonds;
- (4) the giving of notice of a hearing on the appropriation of the proceeds of bonds;
- (5) the right of taxpayers to appear and be heard on the proposed appropriation;
- (6) the approval of the appropriation by the department of local government finance; and
- (7) the sale of bonds at public sale for not less than par value;

are applicable to the issuance of bonds under this section.

SECTION 148. IC 36-12-3-12, AS ADDED BY P.L.1-2005, SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. (a) The library board shall determine the rate of taxation for the library district that is necessary for the proper operation of the library. The library board shall certify the rate to the county auditor. The county auditor shall certify the tax rate to the county tax adjustment board in the manner provided in IC 6-1.1. An additional rate may be levied under section 10(4) of this chapter.

(b) If the library board fails to:

- (1) give:
 - (A) a first published notice to the board's taxpayers of the board's proposed budget and tax levy for the ensuing year at least ten (10) days before the public hearing required under IC 6-1.1-17-3; and
 - (B) a second published notice to the board's taxpayers of

the board's proposed budget and tax levy for the ensuing year at least three (3) days before the public hearing required under IC 6-1.1-17-3; or

- (2) finally adopt the budget and fix the tax levy not later than September ~~20~~; **30**;

the last preceding annual appropriation made for the public library is renewed for the ensuing year, and the last preceding annual tax levy is continued. Under this subsection, the treasurer of the library board shall report the continued tax levy to the county auditor not later than September ~~20~~; **30**.

SECTION 149. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2007]: IC 6-1.1-15-2.1; IC 6-1.1-35.5-8; IC 6-6-5.5-18.

SECTION 150. THE FOLLOWING ARE REPEALED [EFFECTIVE JANUARY 1, 2008]: IC 6-1.1-14-2; IC 6-1.1-14-3; IC 6-1.1-35-1.1.

SECTION 151. [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)] (a) **The definitions in IC 6-1.1-1 apply throughout this SECTION.**

(b) This SECTION applies instead of IC 6-1.1-18-12.

(c) For purposes of this SECTION, "maximum rate" refers to the maximum:

- (1) property tax rate or rates; or**
- (2) special benefits tax rate or rates;**

referred to in the statutes listed in subsection (f).

(d) The maximum rate for taxes first due and payable after 2003 is the maximum rate that would have been determined under subsection (g) for taxes first due and payable in 2003 if subsection (g) had applied for taxes first due and payable in 2003.

(e) The maximum rate must be adjusted:

- (1) each time an annual adjustment of the assessed value of real property takes effect under IC 6-1.1-4-4.5; and**
- (2) each time a general reassessment of real property takes effect under IC 6-1.1-4-4.**

(f) The statutes to which subsection (c) refers are:

- (1) IC 8-10-5-17;**
- (2) IC 8-22-3-11;**
- (3) IC 8-22-3-25;**
- (4) IC 12-29-1-1;**
- (5) IC 12-29-1-2;**
- (6) IC 12-29-1-3;**
- (7) IC 12-29-3-6;**
- (8) IC 13-21-3-12;**
- (9) IC 13-21-3-15;**
- (10) IC 14-27-6-30;**
- (11) IC 14-33-7-3;**
- (12) IC 14-33-21-5;**
- (13) IC 15-1-6-2;**
- (14) IC 15-1-8-1;**
- (15) IC 15-1-8-2;**
- (16) IC 16-20-2-18;**
- (17) IC 16-20-4-27;**
- (18) IC 16-20-7-2;**
- (19) IC 16-22-14;**
- (20) IC 16-23-1-29;**
- (21) IC 16-23-3-6;**
- (22) IC 16-23-4-2;**

- (23) IC 16-23-5-6;
 (24) IC 16-23-7-2;
 (25) IC 16-23-8-2;
 (26) IC 16-23-9-2;
 (27) IC 16-41-15-5;
 (28) IC 16-41-33-4;
 (29) IC 20-46-2-3;
 (30) IC 20-46-6-5;
 (31) IC 20-49-2-10;
 (32) IC 23-13-17-1;
 (33) IC 23-14-66-2;
 (34) IC 23-14-67-3;
 (35) IC 36-7-13-4;
 (36) IC 36-7-14-28;
 (37) IC 36-7-15.1-16;
 (38) IC 36-8-19-8.5;
 (39) IC 36-9-6.1-2;
 (40) IC 36-9-17.5-4;
 (41) IC 36-9-27-73;
 (42) IC 36-9-29-31;
 (43) IC 36-9-29.1-15;
 (44) IC 36-10-6-2;
 (45) IC 36-10-7-7;
 (46) IC 36-10-7-8;
 (47) IC 36-10-7.5-19;
 (48) IC 36-10-13-5;
 (49) IC 36-10-13-7;
 (50) IC 36-10-14-4;
 (51) IC 36-12-7-7;
 (52) IC 36-12-7-8;
 (53) IC 36-12-12-10; and
 (54) any statute enacted after December 31, 2003, that:
- (A) establishes a maximum rate for any part of the:
- (i) property taxes; or
 (ii) special benefits taxes;
 imposed by a political subdivision; and
- (B) does not exempt the maximum rate from the adjustment under this section.
- (g) The new maximum rate under a statute listed in subsection (f) is the tax rate determined under STEP SEVEN of the following STEPS:
- STEP ONE:** Determine the maximum rate for the political subdivision levying a property tax or special benefits tax under the statute for the year preceding the year in which the annual adjustment or general reassessment takes effect.
- STEP TWO:** Determine the actual percentage increase (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property from the year preceding the year the annual adjustment or general reassessment takes effect to the year that the annual adjustment or general reassessment takes effect.
- STEP THREE:** Determine the three (3) calendar years that immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first take effect.
- STEP FOUR:** Compute separately, for each of the

calendar years determined in STEP THREE, the actual percentage increase (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property from the preceding year.

STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Determine the greater of the following:

(A) Zero (0).

(B) The result of the STEP TWO percentage minus the STEP FIVE percentage.

STEP SEVEN: Determine the quotient of the STEP ONE tax rate divided by the sum of one (1) plus the STEP SIX percentage increase.

(h) The department of local government finance shall compute the maximum rate allowed under subsection (g) and provide the rate to each political subdivision with authority to levy a tax under a statute listed in subsection (f).

(i) This SECTION expires June 30, 2007.

SECTION 152. [EFFECTIVE UPON PASSAGE] (a) The legislative services agency shall prepare legislation for introduction in the 2008 regular session of the general assembly to correct statutes affected by this act.

(b) This SECTION expires July 1, 2008.

SECTION 153. [EFFECTIVE UPON PASSAGE] (a) The legislative council shall provide for an interim study committee to study the following topics:

(1) Whether there are ways to:

(A) improve the efficiency of the system for real property sales disclosure established in IC 6-1.1-5.5; and

(B) decrease the administrative burden of real property sales disclosure on parties to a real property conveyance.

(2) The role in the system of the department of local government finance and rulemaking by the department.

(b) The department of local government finance shall provide information and recommendations to assist in the committee's study under subsection (a).

(c) This SECTION expires January 1, 2008.

SECTION 154. [EFFECTIVE UPON PASSAGE] (a) This SECTION applies to a political subdivision's determination to issue bonds or enter into a lease rental only to the extent that the law under which the political subdivision intends to issue the bonds or enter into the lease rental applies IC 6-1.1-20 to the political subdivision's determination.

(b) The right of taxpayers to remonstrate against the issuance of bonds or a lease rental under IC 6-1.1-20-3.1 and IC 6-1.1-20-3.2, as in effect before their amendment by this act, applies to a preliminary determination to issue bonds or enter into a lease rental made before the effective date of this SECTION.

(c) The right of registered voters to remonstrate against the issuance of bonds or a lease rental under IC 6-1.1-20-3.1 and IC 6-1.1-20-3.2, both as amended by this act, applies to a preliminary determination to issue bonds or enter into a lease rental made on or after the effective date of this SECTION.

(d) This SECTION expires July 1, 2008.

SECTION 155. [EFFECTIVE UPON PASSAGE] (a) The state board of accounts shall before July 1, 2007, design and prepare the forms and instructions to be used under IC 6-1.1-20-3.1 and IC 6-1.1-20-3.2, both as amended by this act.

(b) This SECTION expires December 31, 2007.

SECTION 156. [EFFECTIVE UPON PASSAGE] (a) IC 6-1.1-15-1, as amended by this act, applies only to:

- (1) notices of review filed under IC 6-1.1-15-1, as amended by this act, after June 30, 2007; and
- (2) subsequent proceedings in connection with those notices of review.

(b) IC 6-1.1-15-2.1, before its repeal by this act, applies only to reviews initiated under IC 6-1.1-15-1 before July 1, 2007.

(c) IC 6-1.1-15-3 and IC 6-1.1-15-4, both as amended by this act, apply only to:

- (1) petitions for review filed under IC 6-1.1-15-3, as amended by this act, with respect to notices of action of a county property tax assessment board of appeals issued after June 30, 2007; and
- (2) subsequent proceedings in connection with those petitions for review.

(d) IC 6-1.1-8-30, IC 6-1.1-15-5, IC 6-1.1-26-2, IC 6-1.1-26-3, and IC 6-1.1-26-4, all as amended by this act, apply only to:

- (1) petitions for judicial review filed under IC 6-1.1-15-5, as amended by this act, with respect to final determinations of the Indiana board of tax review issued after June 30, 2007; and
- (2) subsequent proceedings in connection with those petitions for judicial review.

(e) IC 6-1.1-15-8 and IC 6-1.1-15-9, both as amended by this act, apply only to:

- (1) decisions of the Indiana tax court issued after June 30, 2007; and
- (2) subsequent proceedings in connection with those decisions.

SECTION 157. [EFFECTIVE JANUARY 1, 2008] IC 6-1.1-5.5-3, as amended by this act, applies only to a conveyance, as defined in IC 6-1.1-5.5-1, after December 31, 2007.

SECTION 158. [EFFECTIVE JANUARY 1, 2008] (a) IC 6-1.1-3-10 and IC 6-1.1-3-18, both as amended by this act, apply only to assessment dates after December 31, 2007.

(b) This SECTION expires January 1, 2010.

SECTION 159. [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)] IC 6-1.1-18-12, IC 6-1.1-18-13, and IC 6-1.1-18.5-9.8, all as amended by this act, apply only to property taxes first due and payable after December 31, 2006.

SECTION 160. [EFFECTIVE JULY 1, 2007] IC 6-1.1-12.1-4, IC 6-1.1-12.1-4.1, IC 6-1.1-12.1-4.5, IC 6-1.1-12.1-4.8, IC 6-1.1-12.4-2, IC 6-1.1-12.4-3, IC 6-1.1-40-10, and IC 6-1.1-42-28, all as amended by this act, and IC 6-1.1-12.1-15, IC 6-1.1-12.4-14, IC 6-1.1-40-14, and IC 6-1.1-42-34, all as added by this act, apply only to corrections of assessed value deductions for assessment dates after December 31, 2007.

SECTION 161. [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)] IC 6-1.1-12.1-1, as amended by this act, applies only to the installation of tangible personal property after December 31, 2005.

SECTION 162. [EFFECTIVE JULY 1, 2006 (RETROACTIVE)] (a) The definitions in IC 6-1.1-1 apply throughout this SECTION.

(b) A reference in this SECTION to IC 6-1.1-15-1 is a reference to that section as in effect on July 1, 2006.

(c) Notwithstanding IC 6-1.1-15-1(b)(1), a taxpayer that receives a tax statement under IC 6-1.1-22 or a provisional tax statement under IC 6-1.1-22.5 for the first installment of property taxes first due and payable in 2007 may appeal the assessment under IC 6-1.1-15-1 by requesting in writing a preliminary conference with the county or township official referred to in IC 6-1.1-15-1(a) not later than the later of:

(1) forty-five (45) days after:

(A) the tax statement under IC 6-1.1-22; or

(B) provisional tax statement under IC 6-1.1-22.5; is given to the taxpayer; or

(2) July 1, 2007.

(d) This SECTION expires January 1, 2009.

SECTION 163. [EFFECTIVE MARCH 1, 2007 (RETROACTIVE)] IC 6-1.1-12-9, IC 6-1.1-12-14, and IC 6-1.1-12-17.4, all as amended by this act, apply to property taxes first due and payable after December 31, 2007.

SECTION 164. An emergency is declared for this act.

(Reference is to ESB 287 as reprinted April 10, 2007.)

Kenley, Chair

Kuzman

Hume

Espich

Senate Conferees

House Conferees

Roll Call 541: yeas 48, nays 1. Report adopted.

CONFERENCE COMMITTEE REPORT

ESB 500-1

Madam President: Your Conference Committee appointed to confer with a like committee from the House upon Engrossed House Amendments to Engrossed Senate Bill 500 respectfully reports that said two committees have conferred and agreed as follows to wit: that the Senate recede from its dissent from all House amendments and that the Senate now concur in all House amendments to the bill and that the bill be further amended as follows:

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 5-20-4-7, AS AMENDED BY P.L.1-2006, SECTION 114, AND AS AMENDED BY P.L.181-2006, SECTION 31, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) There is established the *affordable housing trust and community development* fund. The fund shall be administered by the *Indiana housing and community development* authority under the direction of the *Indiana housing and community development* authority's board.

(b) The fund consists of the following resources:

(1) Appropriations from the general assembly.

(2) Gifts, ~~and~~ grants, ~~to the fund~~, and donations of any tangible or intangible property from public or private sources.

(3) Investment income earned on the fund's assets.

(4) Repayments of loans from the fund.

(5) Funds borrowed from the board for depositories insurance fund (IC 5-13-12-7).

(6) Money deposited in the fund under IC 36-2-7-10.

(c) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

(d) The money remaining in the fund at the end of a fiscal year does not revert to the state general fund.

(e) Interest earned on the fund may be used by the *Indiana housing and community development* authority to pay expenses incurred in the administration of the fund.

SECTION 2. IC 5-20-4-8, AS AMENDED BY P.L.181-2006, SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) The money in the fund shall be used to provide financial assistance in the form of:

- (1) grants;
- ~~(2) rent supplements;~~
- ~~(3) (2) loans; and~~
- ~~(4) (3) loan guarantees.~~

In addition, money from the fund may be used to provide technical assistance to nonprofit developers of low income housing.

(b) The financial assistance described in subsection (a) shall be used for:

- (1) the acquisition, construction, rehabilitation, development, operation, and insurance of, and education concerning, affordable housing and community economic development; or
- (2) other programs considered appropriate to meet the affordable housing and community development needs of lower income families and very low income families, including lower income elderly, persons with disabilities, and homeless individuals.

(c) At least fifty percent (50%) of the dollars allocated must be used to serve very low income households.

SECTION 3. IC 5-20-5-15.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15.5. (a) The governing body of an eligible entity that receives a grant under this chapter shall, by resolution, establish an affordable housing fund to be administered, subject to the terms of the resolution, by a department, a division, or an agency designated by the governing body.

(b) The affordable housing fund consists of:

- (1) payments in lieu of taxes deposited in the fund under IC 36-1-8-14.2;
- (2) gifts and grants to the fund;
- (3) investment income earned on the fund's assets; ~~and~~
- (4) money deposited in the fund under IC 36-2-7-10; and**
- ~~(4) (5) other funds from sources approved by the commission.~~

(c) The governing body shall, by resolution, establish uses for the affordable housing fund. However, the uses must be limited to:

- (1) providing financial assistance to those individuals and families whose income is at or below eighty percent (80%) of the county's median income for individuals and families, respectively, to enable those individuals and families to purchase or lease residential units within the county;
- (2) paying expenses of administering the fund;
- (3) making grants, loans, and loan guarantees for the development, rehabilitation, or financing of affordable

housing for individuals and families whose income is at or below eighty percent (80%) of the county's median income for individuals and families, respectively, including the elderly, persons with disabilities, and homeless individuals and families; and

(4) providing technical assistance to nonprofit developers of affordable housing.

(d) The county treasurer shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

SECTION 4. IC 5-22-16-4, AS AMENDED BY P.L.246-2005, SECTION 54, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) An offeror that is a foreign corporation must be registered with the secretary of state to do business in Indiana in order to be considered responsible.

(b) This subsection applies to a purchase of ~~supplies or services~~ **tangible personal property** for a state agency under a contract entered into or purchase order sent to an offeror (in the absence of a contract) after June 30, ~~2003; 2007~~, including a purchase described in IC 5-22-8-2 or IC 5-22-8-3. A state agency may not purchase **tangible personal property or services** from a person that is delinquent in the payment of amounts due from the person under IC 6-2.5 (gross retail and use tax) unless the person provides a statement from the department of state revenue that the person's delinquent tax liability:

- (1) has been satisfied; or
- (2) has been released under IC 6-8.1-8-2.

(c) The purchasing agent may award a contract to an offeror pending the offeror's registration with the secretary of state. If, in the judgment of the purchasing agent, the offeror has not registered within a reasonable period, the purchasing agent shall cancel the contract. An offeror has no cause of action based on the cancellation of a contract under this subsection.

SECTION 5. IC 6-1.1-45-9, AS AMENDED BY P.L.154-2006, SECTION 60, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) Subject to subsection (c), a taxpayer that makes a qualified investment is entitled to a deduction from the assessed value of the taxpayer's enterprise zone property located at the enterprise zone location for which the taxpayer made the qualified investment. The amount of the deduction is equal to the remainder of:

- (1) the total amount of the assessed value of the taxpayer's enterprise zone property assessed at the enterprise zone location on a particular assessment date; minus
- (2) the total amount of the base year assessed value for the enterprise zone location.

(b) To receive the deduction allowed under subsection (a) for a particular year, a taxpayer must comply with the conditions set forth in this chapter.

(c) A taxpayer that makes a qualified investment in an enterprise zone established under IC 5-28-15-11 that is under the jurisdiction of a military base reuse authority board created under IC 36-7-14.5 or IC 36-7-30-3 is entitled to a deduction under this section only if the deduction is approved by the military base reuse authority board.

(d) Except as provided in subsection (c), a taxpayer that makes a qualified investment at an enterprise zone location that

is located within an allocation area, as defined by IC 12-19-1.5-1, is entitled to a deduction under this section only if the deduction is approved by the governing body of the allocation area.

SECTION 6. IC 6-1.1-45-10, AS ADDED BY P.L.214-2005, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) A taxpayer that desires to claim the deduction provided by section 9 of this chapter for a particular year shall file a certified application, on forms prescribed by the department of local government finance, with the auditor of the county where the property for which the deduction is claimed was located on the assessment date. The application may be filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing. **Except as provided in subsections (c) and (d)**, the application must be filed before May 15 of the assessment year to obtain the deduction.

(b) A taxpayer shall include on an application filed under this section all information that the department of local government finance and the corporation require to determine eligibility for the deduction provided under this chapter.

(c) The county auditor may grant a taxpayer an extension of not more than thirty (30) days to file the taxpayer's application if:

- (1) the taxpayer submits a written application for an extension before May 15 of the assessment year; and**
- (2) the taxpayer is prevented from filing a timely application because of sickness, absence from the county, or any other good and sufficient reason.**

(d) An urban enterprise association created under IC 5-28-15-13 may by resolution waive failure to file a:

- (1) timely; or**
- (2) complete;**

deduction application under this section. Before adopting a waiver under this section, the urban enterprise association shall conduct a public hearing on the waiver.

SECTION 7. IC 6-1.1-45-12, AS ADDED BY P.L.214-2005, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2007 (RETROACTIVE)]: Sec. 12. **(a) Subject to subsection (b), a taxpayer may claim a deduction under this chapter for property other than property located in a consolidated city for an assessment date that occurs after the expiration of the enterprise zone in which the enterprise zone property for which the taxpayer made the qualified investment is located.**

(b) A taxpayer may not claim a deduction under this chapter for more than ten (10) years.

SECTION 8. IC 6-2.3-6-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE DECEMBER 16, 2007]: Sec. 1. (a) Except as provided in subsections (c) through (e), a taxpayer shall file utility receipts tax returns with, and pay the taxpayer's utility receipts tax liability to, the department by the due date of the estimated return. A taxpayer who uses a taxable year that ends on December 31 shall file the taxpayer's estimated utility receipts tax returns and pay the tax to the department on or before April 20, June 20, September 20, and December 20 of the taxable year. If a taxpayer uses a taxable year which does not end on December 31, the due dates for filing estimated utility receipts tax returns and paying the tax are on or before the twentieth day of the fourth, sixth,

ninth, and twelfth months of the taxpayer's taxable year.

(b) With each return filed, with each payment by cashier's check, certified check, or money order delivered in person or by overnight courier, and with each electronic funds transfer made, a taxpayer shall pay to the department twenty-five percent (25%) of the estimated or the exact amount of utility receipts tax that is due.

(c) If a taxpayer's estimated annual utility receipts tax liability does not exceed ~~one~~ **two thousand five hundred dollars (\$1,000); (\$2,500)** the taxpayer is not required to file an estimated utility receipts tax return.

(d) If the department determines that a taxpayer's:

- (1) estimated quarterly utility receipts tax liability for the current year; or
- (2) average estimated quarterly utility receipts tax liability for the preceding year;

exceeds ~~ten~~ **five thousand dollars (\$10,000); (\$5,000)**, the taxpayer shall pay the estimated utility receipts taxes due by electronic funds transfer (as defined in IC 4-8.1-2-7) or by delivering in person or by overnight courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the tax is due.

(e) If a taxpayer's utility receipts tax payment is made by electronic funds transfer, the taxpayer is not required to file an estimated utility receipts tax return.

(f) The penalty prescribed by IC 6-8.1-10-2.1(b) shall be assessed by the department on taxpayers failing to make payments as required in subsection (b) or (d). However, a penalty may not be assessed as to any estimated payments of utility receipts tax that equal or exceed:

- (1) twenty percent (20%) of the final tax liability for the taxable year; or
- (2) twenty-five percent (25%) of the final tax liability for the taxpayer's previous taxable year.

In addition, the penalty as to any underpayment of tax on an estimated return shall be assessed only on the difference between the actual amount paid by the taxpayer on the estimated return and twenty-five percent (25%) of the taxpayers's final utility receipts tax liability for the taxable year.

SECTION 9. IC 6-2.5-3-2, AS AMENDED BY P.L.162-2006, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) An excise tax, known as the use tax, is imposed on the storage, use, or consumption of tangible personal property in Indiana if the property was acquired in a retail transaction, regardless of the location of that transaction or of the retail merchant making that transaction.

(b) The use tax is also imposed on the storage, use, or consumption of a vehicle, an aircraft, or a watercraft, if the vehicle, aircraft, or watercraft:

- (1) is acquired in a transaction that is an isolated or occasional sale; and
- (2) is required to be titled, licensed, or registered by this state for use in Indiana.

(c) The use tax is imposed on the addition of tangible personal property to a structure or facility, if, after its addition, the property becomes part of the real estate on which the structure or facility is located. However, the use tax does not apply to additions of tangible personal property described in this subsection, if:

- (1) the state gross retail or use tax has been previously imposed on the sale or use of that property; or
- (2) the ultimate purchaser or recipient of that property would have been exempt from the state gross retail and use taxes if that purchaser or recipient had directly purchased the property from the supplier for addition to the structure or facility.
- (d) The use tax is imposed on a person who:
- (1) manufactures, fabricates, or assembles tangible personal property from materials either within or outside Indiana; and
 - (2) uses, stores, distributes, or consumes tangible personal property in Indiana.
- (e) Notwithstanding any other provision of this section, the use tax is not imposed on the keeping, retaining, or exercising of any right or power over tangible personal property, if:
- (1) the property is delivered into Indiana by or for the purchaser of the property;
 - (2) the property is delivered in Indiana for the sole purpose of being processed, printed, fabricated, or manufactured into, attached to, or incorporated into other tangible personal property; and
 - (3) the property is subsequently transported out of state for use solely outside Indiana.

(f) As used in this subsection, "prepurchase evaluation" means an examination of an aircraft by a potential purchaser for the purpose of obtaining information relevant to the potential purchase of the aircraft. Notwithstanding any other provision of this section, the use tax is not imposed on the keeping, retaining, or exercising of any right or power over an aircraft, if:

- (1) the aircraft is titled, registered, or based (as defined in IC 6-6-6.5-1(m)) in another state or country;**
- (2) the aircraft is delivered to Indiana by or for a nonresident owner or purchaser of the aircraft;**
- (3) the aircraft is delivered to Indiana for the sole purpose of being repaired, refurbished, remanufactured, or subjected to a prepurchase evaluation; and**
- (4) after completion of the repair, refurbishment, remanufacture, or prepurchase evaluation, the aircraft is transported to a destination outside Indiana.**

SECTION 10. IC 6-2.5-3-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) A person who acquires tangible personal property from a retail merchant for delivery in Indiana is presumed to have acquired the property for storage, use, or consumption in Indiana. **However, unless** the person or the retail merchant can produce evidence to rebut that presumption.

(b) A retail merchant is not required to produce evidence of nontaxability under subsection (a) if the retail merchant receives from the person who acquired the property an exemption certificate which certifies, in the form prescribed by the department, that the acquisition is exempt from the use tax.

(c) A retail merchant that sells tangible personal property to a person that purchases the tangible personal property for use or consumption in providing public transportation under IC 6-2.5-5-27 may verify the exemption by obtaining the person's:

- (1) name;**
- (2) address; and**

(3) motor carrier number, United States Department of Transportation number, or any other identifying number authorized by the department.

The person engaged in public transportation shall provide a signature to affirm under penalties of perjury that the information provided to the retail merchant is correct and that the tangible personal property is being purchased for an exempt purpose.

SECTION 11. IC 6-2.5-4-14, AS AMENDED BY SEA 526-2007, SECTION 118, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. The department of administration and each purchasing agent for a state educational institution shall provide the department with a list of every person who desires to enter into a contract to sell **tangible personal property or services** to an agency (as defined in IC 4-13-2-1) or a state educational institution. The department shall notify the department of administration or the purchasing agent of the state educational institution if a person on the list does not have a registered retail merchant certificate or is delinquent in remitting or paying amounts due to the department under this article.

SECTION 12. IC 6-2.5-5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) For purposes of this section:

- (1) the retreading of tires shall be treated as the processing of tangible personal property; and
- (2) commercial printing shall be treated as the production and manufacture of tangible personal property.

(b) **Except as provided in subsection (c),** transactions involving manufacturing machinery, tools, and equipment are exempt from the state gross retail tax if the person acquiring that property acquires it for direct use in the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining, or finishing of other tangible personal property.

(c) The exemption provided in subsection (b) does not apply to transactions involving distribution equipment or transmission equipment acquired by a public utility engaged in generating electricity.

SECTION 13. IC 6-2.5-5-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) As used in this section, "new motor vehicle" has the meaning set forth in IC 9-13-2-111.

(b) Transactions involving tangible personal property other than a new motor vehicle are exempt from the state gross retail tax if the person acquiring the property acquires it for resale, rental, or leasing in the ordinary course of the person's business without changing the form of the property.

(c) The following transactions involving a new motor vehicle are exempt from the state gross retail tax:

- (1) A transaction in which a person that has a franchise in effect at the time of the transaction for the vehicle trade name, trade or service mark, or related characteristics acquires a new motor vehicle for resale, rental, or leasing in the ordinary course of the person's business.
- (2) A transaction in which a person that is a franchisee appointed by a manufacturer or converter manufacturer licensed under IC 9-23 acquires a new motor vehicle that has at least one (1) trade name, service mark, or related characteristic as a result of modification or further

manufacture by the manufacturer or converter manufacturer for resale, rental, or leasing in the ordinary course of the person's business.

(3) A transaction in which a person acquires a new motor vehicle for rental or leasing in the ordinary course of the person's business.

(d) The rental or leasing of accommodations to a promoter by a political subdivision (including a capital improvement board) or the state fair commission is not exempt from the state gross retail tax, if the rental or leasing of the property by the promoter is exempt under IC 6-2.5-4-4.

(e) A transaction in which a person acquires an aircraft for rental or leasing in the ordinary course of the person's business is not exempt from the state gross retail tax unless the person establishes, under guidelines adopted by the department in the manner provided in IC 4-22-2-37.1 for the adoption of emergency rules, that the annual amount of the lease revenue derived from leasing the aircraft is equal to or greater than:

- (1) ten percent (10%) of the greater of the original cost or the book value of the aircraft, if the original cost of the aircraft was less than one million dollars (\$1,000,000); or**
(2) seven and five-tenths percent (7.5%) of the greater of the original cost or the book value of the aircraft, if the original cost of the aircraft was at least one million dollars (\$1,000,000).

SECTION 14. IC 6-2.5-5-35 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 35. **(a) Except as provided in subsection (b),** transactions involving tangible personal property are exempt from the state gross retail tax if:

(1) the:

(A) person acquires the property to facilitate the service or consumption of food and food ingredients that is not exempted from the state gross retail tax under section 20 of this chapter; and

(B) property is:

- (i) used, consumed, or removed in the service or consumption of the food and food ingredients; and
(ii) made unusable for further service or consumption of food and food ingredients after the property's first use for service or consumption of food and food ingredients;
or

(2) the:

(A) person acquiring the property is engaged in the business of renting or furnishing rooms, lodgings, or accommodations in a commercial hotel, motel, inn, tourist camp, or tourist cabin; and

(B) ~~the~~ property acquired is:

- (i) used up, removed, or otherwise consumed during the occupation of the rooms, lodgings, or accommodations by a guest; or
(ii) rendered nonreusable by the property's first use by a guest during the occupation of the rooms, lodgings, or accommodations.

(b) The exemption provided by subsection (a) does not apply to transactions involving electricity, water, gas, or steam.

SECTION 15. IC 6-2.5-5-39, AS AMENDED BY P.L.92-2006, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 39. (a) As used in this section,

"cargo trailer" means a vehicle:

- (1) without motive power;
- (2) designed for carrying property;
- (3) designed for being drawn by a motor vehicle; and
- (4) having a gross vehicle weight rating of at least two thousand two hundred (2,200) pounds.

(b) As used in this section, "recreational vehicle" means a vehicle with or without motive power equipped exclusively for living quarters for persons traveling upon the highways. The term includes a travel trailer, a motor home, a truck camper with a floor and facilities enabling it to be used as a dwelling, and a fifth wheel trailer.

(c) A transaction involving a cargo trailer ~~or~~ a recreational vehicle ~~or an aircraft~~ is exempt from the state gross retail tax if:

- (1) the purchaser is a nonresident;
- (2) upon receiving delivery of the cargo trailer ~~or~~ recreational vehicle, ~~or aircraft~~, the person transports it within thirty (30) days to a destination outside Indiana;
- (3) the cargo trailer ~~or~~ recreational vehicle ~~or aircraft~~ will be titled or registered for use in another state or country;
- (4) the cargo trailer ~~or~~ recreational vehicle ~~or aircraft~~ will not be titled or registered for use in Indiana; and
- (5) ~~in the case of a transaction involving a cargo trailer or recreational vehicle~~, the cargo trailer or recreational vehicle will be titled or registered in a state or country that provides an exemption from sales, use, or similar taxes imposed on a cargo trailer or recreational vehicle that is purchased in that state or country by an Indiana resident and will be titled or registered in Indiana.

A transaction involving a cargo trailer or recreational vehicle that does not meet the requirements of subdivision (5) is not exempt from the state gross retail tax.

(d) A purchaser must claim an exemption under this section by submitting to the retail merchant an affidavit stating the purchaser's intent to:

- (1) transport the cargo trailer ~~or~~ recreational vehicle ~~or aircraft~~ to a destination outside Indiana within thirty (30) days after delivery; and
- (2) title or register the cargo trailer ~~or~~ recreational vehicle ~~or aircraft~~ for use in another state or country.

The department shall prescribe the form of the affidavit, which must include an affirmation by the purchaser under the penalties for perjury that the information contained in the affidavit is true. The affidavit must identify the state or country in which the cargo trailer ~~or~~ recreational vehicle ~~or aircraft~~ will be titled or registered.

(e) The department shall provide the information necessary to determine a purchaser's eligibility for an exemption claimed under this section to retail merchants in the business of selling cargo trailers or recreational vehicles.

SECTION 16. IC 6-2.5-5-42 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 42. (a) A transaction involving an aircraft is exempt from the state gross retail tax if:**

- (1) the purchaser is a nonresident;**
- (2) the purchaser transports the aircraft to a destination outside Indiana within thirty (30) days after:**
 - (A) accepting delivery of the aircraft; or**

(B) a repair, refurbishment, or remanufacture of the aircraft is completed, if the aircraft remains in Indiana after the purchaser accepts delivery for the purpose of accomplishing the repair, refurbishment, or remanufacture of the aircraft;

(3) the aircraft will be:

**(A) titled or registered in another state or country; or
(B) based (as defined in IC 6-6-6.5-1(m)) in that state or country, if a state or country does not require a title or registration for aircraft; and**

(4) the aircraft will not be titled or registered in Indiana.

(b) A purchaser must claim an exemption under subsection (a) by submitting to the seller an affidavit affirming the elements required by subsection (a). In addition, the affidavit must identify the state or country in which the aircraft will be titled, registered, or based.

(c) Within sixty (60) days after:

(1) a purchaser who claims an exemption under this section accepts delivery of the aircraft; or

(2) a repair, refurbishment, or remanufacture of the aircraft subject to an exemption under this section is completed, if the aircraft remains in Indiana after the purchaser accepts delivery for the purpose of accomplishing the repair, refurbishment, or remanufacture of the aircraft;

the purchaser shall provide the seller with a copy of the purchaser's title or registration of the aircraft outside Indiana. If the state or country in which the aircraft is based does not require the aircraft to be titled or registered, the purchaser shall provide the seller with a copy of the aircraft registration application for the aircraft as filed with the Federal Aviation Administration.

(d) The department shall prescribe the form of the affidavit required by subsection (b).

SECTION 17. IC 6-2.5-6-1, AS AMENDED BY P.L.153-2006, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 1. (a) Except as otherwise provided in this section, each person liable for collecting the state gross retail or use tax shall file a return for each calendar month and pay the state gross retail and use taxes that the person collects during that month. A person shall file the person's return for a particular month with the department and make the person's tax payment for that month to the department not more than thirty (30) days after the end of that month, if that person's average monthly liability for collections of state gross retail and use taxes under this section as determined by the department for the preceding calendar year did not exceed one thousand dollars (\$1,000). If a person's average monthly liability for collections of state gross retail and use taxes under this section as determined by the department for the preceding calendar year exceeded one thousand dollars (\$1,000), that person shall file the person's return for a particular month and make the person's tax payment for that month to the department not more than twenty (20) days after the end of that month.

(b) If a person files a combined sales and withholding tax report and either this section or IC 6-3-4-8.1 requires sales or withholding tax reports to be filed and remittances to be made within twenty (20) days after the end of each month, then the person shall file the combined report and remit the sales and withholding taxes due

within twenty (20) days after the end of each month.

(c) Instead of the twelve (12) monthly reporting periods required by subsection (a), the department may permit a person to divide a year into a different number of reporting periods. The return and payment for each reporting period is due not more than twenty (20) days after the end of the period.

(d) Instead of the reporting periods required under subsection (a), the department may permit a retail merchant to report and pay the merchant's state gross retail and use taxes for a period covering:

(1) a calendar year, if the retail merchant's average monthly state gross retail and use tax liability in the previous calendar year does not exceed ten dollars (\$10);

(2) a calendar half year, if the retail merchant's average monthly state gross retail and use tax liability in the previous calendar year does not exceed twenty-five dollars (\$25); or

(3) a calendar quarter, if the retail merchant's average monthly state gross retail and use tax liability in the previous calendar year does not exceed seventy-five dollars (\$75).

A retail merchant using a reporting period allowed under this subsection must file the merchant's return and pay the merchant's tax for a reporting period not later than the last day of the month immediately following the close of that reporting period.

(e) If a retail merchant reports the merchant's adjusted gross income tax, or the tax the merchant pays in place of the adjusted gross income tax, over a fiscal year or fiscal quarter not corresponding to the calendar year or calendar quarter, the merchant may, without prior departmental approval, report and pay the merchant's state gross retail and use taxes over the merchant's fiscal period that corresponds to the calendar period the merchant is permitted to use under subsection (d). However, the department may, at any time, require the retail merchant to stop using the fiscal reporting period.

(f) If a retail merchant files a combined sales and withholding tax report, the reporting period for the combined report is the shortest period required under:

(1) this section;

(2) IC 6-3-4-8; or

(3) IC 6-3-4-8.1.

(g) If the department determines that a person's:

(1) estimated monthly gross retail and use tax liability for the current year; or

(2) average monthly gross retail and use tax liability for the preceding year;

exceeds ~~ten~~ **five** thousand dollars (~~\$10,000~~), (**\$5,000**), the person shall pay the monthly gross retail and use taxes due by electronic funds transfer (as defined in IC 4-8.1-2-7) or by delivering in person or by overnight courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the tax is due.

(h) If a person's gross retail and use tax payment is made by electronic funds transfer, the taxpayer is not required to file a monthly gross retail and use tax return. However, the person shall file a quarterly gross retail and use tax return before the twentieth day after the end of each calendar quarter.

(i) A person:

(1) who has voluntarily registered as a seller under the Streamlined Sales and Use Tax Agreement;

- (2) who is not a Model 1, Model 2, or Model 3 seller (as defined in the Streamlined Sales and Use Tax Agreement); and
- (3) whose liability for collections of state gross retail and use taxes under this section for the preceding calendar year as determined by the department does not exceed one thousand dollars (\$1,000);

is not required to file a monthly gross retail and use tax return.

SECTION 18. IC 6-2.5-6-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) In order to compensate retail merchants for collecting and timely remitting the state gross retail tax and the state use tax, every retail merchant, except a retail merchant referred to in subsection (c), is entitled to deduct and retain from the amount of those taxes otherwise required to be remitted under IC 6-2.5-7-5 or under this chapter, if timely remitted, a retail merchant's collection allowance.

(b) The allowance equals ~~eighty-three hundredths percent (0.83%)~~ **a percentage** of the retail merchant's state gross retail and use tax liability accrued during a ~~reporting period: calendar year,~~ **specified as follows:**

(1) Eighty-three hundredths percent (0.83%), if the retail merchant's state gross retail and use tax liability accrued during the state fiscal year ending on June 30 of the immediately preceding calendar year did not exceed sixty thousand dollars (\$60,000).

(2) Six-tenths percent (0.6%), if the retail merchant's state gross retail and use tax liability accrued during the state fiscal year ending on June 30 of the immediately preceding calendar year:

(A) was greater than sixty thousand dollars (\$60,000); and

(B) did not exceed six hundred thousand dollars (\$600,000).

(3) Three-tenths percent (0.3%), if the retail merchant's state gross retail and use tax liability accrued during the state fiscal year ending on June 30 of the immediately preceding calendar year was greater than six hundred thousand dollars (\$600,000).

(c) A retail merchant described in IC 6-2.5-4-5 or IC 6-2.5-4-6 is not entitled to the allowance provided by this section.

SECTION 19. IC 6-3-1-3.5, AS AMENDED BY P.L.184-2006, SECTION 3, AND AS AMENDED BY P.L.162-2006, SECTION 24, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3.5. When used in this article, the term "adjusted gross income" shall mean the following:

(a) In the case of all individuals, "adjusted gross income" (as defined in Section 62 of the Internal Revenue Code), modified as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(3) Subtract one thousand dollars (\$1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars (\$1,000).

(4) Subtract one thousand dollars (\$1,000) for:

(A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;

(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract:

(A) ~~for taxable years beginning after December 31, 2004,~~ one thousand five hundred dollars (\$1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code ~~for taxable years beginning after December 31, 1996 (as effective January 1, 2004);~~ and

(B) five hundred dollars (\$500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars (\$40,000).

This amount is in addition to the amount subtracted under subdivision (4).

(6) Subtract an amount equal to the lesser of:

(A) that part of the individual's adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for that taxable year that is subject to a tax that is imposed by a political subdivision of another state and that is imposed on or measured by income; or

(B) two thousand dollars (\$2,000).

(7) Add an amount equal to the total capital gain portion of a lump sum distribution (as defined in Section 402(e)(4)(D) of the Internal Revenue Code) if the lump sum distribution is received by the individual during the taxable year and if the capital gain portion of the distribution is taxed in the manner provided in Section 402 of the Internal Revenue Code.

(8) Subtract any amounts included in federal adjusted gross income under Section 111 of the Internal Revenue Code as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(9) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

(10) Add an amount equal to the deduction allowed under Section 221 of the Internal Revenue Code for married couples filing joint returns if the taxable year began before January 1, 1987.

(11) Add an amount equal to the interest excluded from federal gross income by the individual for the taxable year under Section 128 of the Internal Revenue Code if the taxable year began before January 1, 1985.

(12) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

(13) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the

taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

(14) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

(15) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

(16) For taxable years beginning after December 31, 1999, subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.

(17) Subtract an amount equal to the lesser of:

(A) for a taxable year:

(i) including any part of 2004, the amount determined under subsection (f); and

(ii) beginning after December 31, 2004, two thousand five hundred dollars (\$2,500); or

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

(18) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.

(19) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(20) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(21) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(22) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as

follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code.

(3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(9) Add to the extent required by IC 6-3-2-20 the amount of intangible expenses (as defined in IC 6-3-2-20) and any directly related intangible interest expenses (as defined in IC 6-3-2-20) for the taxable year that reduced the corporation's taxable income (as defined in Section 63 of the Internal Revenue Code) for federal income tax purposes.

(10) Add an amount equal to any deduction for dividends paid (as defined in Section 561 of the Internal Revenue Code) to shareholders of a captive real estate investment trust (as defined in section 34.5 of this chapter).

(c) In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue

Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 or Section 810 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in

service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(e) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim of the September 11 terrorist attack.

(3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(4) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(6) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(f) This subsection applies only to the extent that an individual paid property taxes in 2004 that were imposed for the March 1, 2002, assessment date or the January 15, 2003, assessment date. The maximum amount of the deduction under subsection (a)(17) is equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the amount of property taxes that the taxpayer paid after December 31, 2003, in the taxable year for property taxes imposed for the March 1, 2002, assessment date and the January 15, 2003, assessment date.

STEP TWO: Determine the amount of property taxes that the taxpayer paid in the taxable year for the March 1, 2003,

assessment date and the January 15, 2004, assessment date.

STEP THREE: Determine the result of the STEP ONE amount divided by the STEP TWO amount.

STEP FOUR: Multiply the STEP THREE amount by two thousand five hundred dollars (\$2,500).

STEP FIVE: Determine the sum of the STEP FOUR amount and two thousand five hundred dollars (\$2,500).

SECTION 20. IC 6-3-1-34.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: **Sec. 34.5. (a) Except as provided in subsection (b), "captive real estate investment trust" means a corporation, a trust, or an association:**

(1) that is considered a real estate investment trust for the taxable year under Section 856 of the Internal Revenue Code;

(2) that is not regularly traded on an established securities market; and

(3) in which more than fifty percent (50%) of the:

(A) voting power;

(B) beneficial interests; or

(C) shares;

are owned or controlled, directly or constructively, by a single entity that is subject to Subchapter C of Chapter 1 of the Internal Revenue Code.

(b) The term does not include a corporation, a trust, or an association in which more than fifty percent (50%) of the entity's voting power, beneficial interests, or shares are owned by a single entity described in subsection (a)(3) that is owned or controlled, directly or constructively, by:

(1) a corporation, a trust, or an association that is considered a real estate investment trust under Section 856 of the Internal Revenue Code;

(2) a person exempt from taxation under Section 501 of the Internal Revenue Code; or

(3) a real estate investment trust that:

(A) is intended to become regularly traded on an established securities market; and

(B) satisfies the requirements of Section 856(a)(5) and Section 856(a)(6) of the Internal Revenue Code under Section 856(h) of the Internal Revenue Code.

(c) For purposes of this section, the constructive ownership rules of Section 318 of the Internal Revenue Code, as modified by Section 856(d)(5) of the Internal Revenue Code, apply to the determination of the ownership of stock, assets, or net profits of any person.

SECTION 21. IC 6-3-2-20, AS ADDED BY P.L.162-2006, SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 20. (a) The following definitions apply throughout this section:**

(1) "Affiliated group" has the meaning provided in Section 1504 of the Internal Revenue Code, except that the ownership percentage in Section 1504(a)(2) of the Internal Revenue Code shall be determined using fifty percent (50%) instead of eighty percent (80%).

(2) "Directly related intangible interest expenses" means interest expenses that are paid to, or accrued or incurred as a liability to, a recipient if:

(A) the amounts represent, in the hands of the recipient,

income from making one (1) or more loans; and (B) the funds loaned were originally received by the recipient from the payment of intangible expenses by any of the following:

(i) The taxpayer.

(ii) A member of the same affiliated group as the taxpayer.

(iii) A foreign corporation.

(3) "Foreign corporation" means a corporation that is organized under the laws of a country other than the United States and would be a member of the same affiliated group as the taxpayer if the corporation were organized under the laws of the United States.

(4) "Intangible expenses" means the following amounts to the extent these amounts are allowed as deductions in determining taxable income under Section 63 of the Internal Revenue Code before the application of any net operating loss deduction and special deductions for the taxable year:

(A) Expenses, losses, and costs directly for, related to, or in connection with the acquisition, use, maintenance, management, ownership, sale, exchange, or any other disposition of intangible property.

(B) Royalty, patent, technical, and copyright fees.

(C) Licensing fees.

(D) Other substantially similar expenses and costs.

(5) "Intangible property" means patents, patent applications, trade names, trademarks, service marks, copyrights, trade secrets, and substantially similar types of intangible assets.

(6) "Interest expenses" means amounts that are allowed as deductions under Section 163 of the Internal Revenue Code in determining taxable income under Section 63 of the Internal Revenue Code before the application of any net operating loss deductions and special deductions for the taxable year.

(7) "Makes a disclosure" means a taxpayer provides the following information regarding a transaction with a member of the same affiliated group or a foreign corporation involving an intangible expense and any directly related intangible interest expense with the taxpayer's tax return on the forms prescribed by the department:

(A) The name of the recipient.

(B) The state or country of domicile of the recipient.

(C) The amount paid to the recipient.

(D) A copy of federal Form 851, Affiliation Schedule, as filed with the taxpayer's federal consolidated tax return.

(E) The information needed to determine the taxpayer's status under the exceptions listed in subsection (c).

(8) "Recipient" means:

(A) a member of the same affiliated group as the taxpayer; or

(B) a foreign corporation;

to which is paid an item of income that corresponds to an intangible expense or any directly related intangible interest expense.

(9) "Unrelated party" means a person that, with respect to the taxpayer, is not a member of the same affiliated group or a foreign corporation.

(b) Except as provided in subsection (c), in determining its adjusted gross income under IC 6-3-1-3.5(b), a corporation subject to the tax imposed by IC 6-3-2-1 shall add to its taxable income under Section 63 of the Internal Revenue Code:

- (1) intangible expenses; and
- (2) any directly related intangible interest expenses;

paid, accrued, or incurred with one (1) or more members of the same affiliated group or with one (1) or more foreign corporations.

(c) The addition of intangible expenses or any directly related intangible interest expenses otherwise required in a taxable year under subsection (b) is not required if one (1) or more of the following apply to the taxable year:

- (1) The taxpayer and the recipient are both included in the same consolidated tax return filed under IC 6-3-4-14 or in the same combined return filed under IC 6-3-2-2(q) for the taxable year.
- (2) The taxpayer makes a disclosure and, at the request of the department, can establish by a preponderance of the evidence that:

(A) the item of income corresponding to the intangible expenses and any directly related intangible interest expenses was included within the recipient's income that is subject to tax in:

- (i) a state or possession of the United States; or
- (ii) a country other than the United States;

that is the recipient's commercial domicile and that imposes a net income tax, a franchise tax measured, in whole or in part, by net income, or a value added tax;

(B) the transaction giving rise to the intangible expenses and any directly related intangible interest expenses between the taxpayer and the recipient was made at a commercially reasonable rate and at terms comparable to an arm's length transaction; and

(C) the transactions giving rise to the intangible expenses and any directly related intangible interest expenses between the taxpayer and the recipient did not have Indiana tax avoidance as a principal purpose.

- (3) The taxpayer makes a disclosure and, at the request of the department, can establish by a preponderance of the evidence that:

(A) the recipient regularly engages in transactions involving intangible property with one (1) or more unrelated parties on terms substantially similar to those of the subject transaction; and

(B) the transaction giving rise to the intangible expenses and any directly related intangible interest expenses between the taxpayer and the recipient did not have Indiana tax avoidance as a principal purpose.

- (4) The taxpayer makes a disclosure and, at the request of the department, can establish by a preponderance of the evidence that:

(A) the payment was received from a person or entity that is an unrelated party, and on behalf of that unrelated party, paid that amount to the recipient in an arm's length transaction; and

(B) the transaction giving rise to the intangible expenses and any directly related intangible interest expenses

between the taxpayer and the recipient did not have Indiana tax avoidance as a principal purpose.

- (5) The taxpayer makes a disclosure and, at the request of the department, can establish by a preponderance of the evidence that:

(A) the recipient paid, accrued, or incurred a liability to an unrelated party during the taxable year for an equal or greater amount that was directly for, related to, or in connection with the same intangible property giving rise to the intangible expenses; and

(B) the transactions giving rise to the intangible expenses and any directly related intangible interest expenses between the taxpayer and the recipient did not have Indiana tax avoidance as a principal purpose.

- (6) The taxpayer makes a disclosure and, at the request of the department, can establish by a preponderance of the evidence that:

(A) the recipient is engaged in:

(i) substantial business activities from the acquisition, use, licensing, maintenance, management, ownership, sale, exchange, or any other disposition of intangible property; or

(ii) other substantial business activities separate and apart from the business activities described in item (i); as evidenced by the maintenance of a permanent office space and an adequate number of full-time, experienced employees;

(B) the transactions giving rise to the intangible expenses and any directly related intangible interest expenses between the taxpayer and the recipient did not have Indiana tax avoidance as a principal purpose; and

(C) the transactions were made at a commercially reasonable rate and at terms comparable to an arm's length transaction.

- (7) The taxpayer and the department agree, in writing, to the application or use of an alternative method of allocation or ~~appointment~~ **apportionment** under section 2(l) or 2(m) of this chapter.

- (8) Upon request by the taxpayer, the department determines that the adjustment otherwise required by this section is unreasonable.

(d) For purposes of this section, intangible expenses or directly related intangible interest expenses shall be considered to be at a commercially reasonable rate or at terms comparable to an arm's length transaction if the intangible expenses or directly related intangible interest expenses meet the arm's length standards of United States Treasury Regulation 1.482-1(b).

(e) If intangible expenses or directly related intangible expenses are determined not to be at a commercially reasonable rate or at terms comparable to an arm's length transaction for purposes of this section, the adjustment required by subsection (b) shall be made only to the extent necessary to cause the intangible expenses or directly related intangible interest expenses to be at a commercially reasonable rate and at terms comparable to an arm's length transaction.

(f) For purposes of this section, transactions giving rise to intangible expenses and any directly related intangible interest

expenses between the taxpayer and the recipient shall be considered as having Indiana tax avoidance as the principal purpose if:

- (1) there is not one (1) or more valid business purposes that independently sustain the transaction notwithstanding any tax benefits associated with the transaction; and
- (2) the principal purpose of tax avoidance exceeds any other valid business purpose.

SECTION 22. IC 6-3-3-12, AS ADDED BY P.L.192-2006, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: Sec. 12. (a) **As used in this section, "account" has the meaning set forth in IC 21-9-2-2.**

(b) **As used in this section, "account beneficiary" has the meaning set forth in IC 21-9-2-3.**

(c) **As used in this section, "account owner" has the meaning set forth in IC 21-9-2-4.**

(~~a~~) (d) As used in this section, "college choice 529 education savings plan" refers to a college choice 529 investment plan established under IC 21-9.

(e) **As used in this section, "non-qualified withdrawal" means a withdrawal or distribution from a college choice 529 education savings plan that is not a qualified withdrawal.**

(f) **As used in this section, "qualified higher education expenses" has the meaning set forth in IC 21-9-2-19.5.**

(g) **As used in this section, "qualified withdrawal" means a withdrawal or distribution from a college choice 529 education savings plan that is made:**

- (1) to pay for qualified higher education expenses, excluding any withdrawals or distributions used to pay for qualified higher education expenses if the withdrawals or distributions are made from an account of a college choice 529 education savings plan that is terminated within twelve (12) months after the account is opened;
- (2) as a result of the death or disability of an account beneficiary;
- (3) because an account beneficiary received a scholarship that paid for all or part of the qualified higher education expenses of the account beneficiary, to the extent that the withdrawal or distribution does not exceed the amount of the scholarship; or
- (4) by a college choice 529 education savings plan as the result of a transfer of funds by a college choice 529 education savings plan from one (1) third party custodian to another.

A qualified withdrawal does not include a rollover distribution or transfer of assets from a college choice 529 education savings plan to any other qualified tuition program under Section 529 of the Internal Revenue Code that is not a college choice 529 education savings plan.

(~~b~~) (h) As used in this section, "taxpayer" means:

- (1) an individual filing a single return; or
- (2) a married couple filing a joint return.

(~~c~~) (i) A taxpayer is entitled to a credit against the taxpayer's adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for a taxable year equal to the least of the following:

- (1) Twenty percent (20%) of the amount of ~~each contribution~~ **the total contributions** made by the taxpayer **to an account or accounts of** a college choice 529 education savings plan

during the taxable year.

(2) One thousand dollars (\$1,000).

(3) The amount of the taxpayer's adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for the taxable year, reduced by the sum of all credits (as determined without regard to this section) allowed by IC 6-3-1 through IC 6-3-7.

(~~d~~) (j) A taxpayer is not entitled to a carryback, carryover, or refund of an unused credit.

(~~e~~) (k) A taxpayer may not sell, assign, convey, or otherwise transfer the tax credit provided by this section.

(~~f~~) (l) To receive the credit provided by this section, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department all information that the department determines is necessary for the calculation of the credit provided by this section.

(m) **An account owner of an account of a college choice 529 education savings plan must repay all or a part of the credit in a taxable year in which any non-qualified withdrawal is made from the account. The amount the taxpayer must repay is equal to the lesser of:**

- (1) twenty percent (20%) of the total amount of non-qualified withdrawals made during the taxable year from the account; or
- (2) the excess of:

(A) the cumulative amount of all credits provided by this section that are claimed by any taxpayer with respect to the taxpayer's contributions to the account for all prior taxable years beginning on or after January 1, 2007; over

(B) the cumulative amount of repayments paid by the account owner under this subsection for all prior taxable years beginning on or after January 1, 2008.

(n) Any required repayment under subsection (m) shall be reported by the account owner on the account owner's annual state income tax return for any taxable year in which a non-qualified withdrawal is made.

(o) The executive director of the Indiana education savings authority shall submit or cause to be submitted to the department a copy of all information returns or statements issued to account owners, account beneficiaries, and other taxpayers for each taxable year with respect to:

- (1) non-qualified withdrawals made from accounts of a college choice 529 education savings plan for the taxable year; or
- (2) account closings for the taxable year.

SECTION 23. IC 6-3-4-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1.5. **If a professional preparer files more than one hundred (100) returns in a calendar year for persons described in section 1(1) or 1(2) of this chapter, in the immediately following calendar year the professional preparer shall file returns for persons described in section 1(1) or 1(2) of this chapter in an electronic format specified by the department.**

SECTION 24. IC 6-3-4-4.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE DECEMBER 16, 2007]: Sec. 4.1. (~~a~~) **This section applies to taxable years beginning after December 31,**

~~1993.~~

~~(b)~~ **(a)** Any individual required by the Internal Revenue Code to file estimated tax returns and to make payments on account of such estimated tax shall file estimated tax returns and make payments of the tax imposed by this article to the department at the time or times and in the installments as provided by Section 6654 of the Internal Revenue Code. However, in applying Section 6654 of the Internal Revenue Code for the purposes of this article, "estimated tax" means the amount which the individual estimates as the amount of the adjusted gross income tax imposed by this article for the taxable year, minus the amount which the individual estimates as the sum of any credits against the tax provided by IC 6-3-3.

~~(c)~~ **(b)** Every individual who has adjusted gross income subject to the tax imposed by this article and from which tax is not withheld under the requirements of section 8 of this chapter shall make a declaration of estimated tax for the taxable year. However, no such declaration shall be required if the estimated tax can reasonably be expected to be less than ~~four hundred dollars (\$400)~~; **one thousand dollars (\$1,000)**. In the case of an underpayment of the estimated tax as provided in Section 6654 of the Internal Revenue Code, there shall be added to the tax a penalty in an amount prescribed by IC 6-8.1-10-2.1(b).

~~(d)~~ **(c)** Every corporation subject to the adjusted gross income tax liability imposed by this article shall be required to report and pay an estimated tax equal to **the lesser of:**

- (1) twenty-five percent (25%) of such corporation's estimated adjusted gross income tax liability for the taxable year; or**
- (2) the annualized income installment calculated in the manner provided by Section 6655(e) of the Internal Revenue Code as applied to the corporation's liability for adjusted gross income tax.**

A taxpayer who uses a taxable year that ends on December 31 shall file the taxpayer's estimated adjusted gross income tax returns and pay the tax to the department on or before April 20, June 20, September 20, and December 20 of the taxable year. If a taxpayer uses a taxable year that does not end on December 31, the due dates for filing estimated adjusted gross income tax returns and paying the tax are on or before the twentieth day of the fourth, sixth, ninth, and twelfth months of the taxpayer's taxable year. The department shall prescribe the manner and forms for such reporting and payment.

~~(e)~~ **(d)** The penalty prescribed by IC 6-8.1-10-2.1(b) shall be assessed by the department on corporations failing to make payments as required in subsection ~~(d)~~ **(c)** or ~~(g)~~ **(f)**. However, no penalty shall be assessed as to any estimated payments of adjusted gross income tax which equal or exceed:

- (1) twenty percent (20%) of the final tax liability for such taxable year; the annualized income installment calculated under subsection (c); or**
- (2) twenty-five percent (25%) of the final tax liability for the taxpayer's previous taxable year.**

In addition, the penalty as to any underpayment of tax on an estimated return shall only be assessed on the difference between the actual amount paid by the corporation on such estimated return and twenty-five percent (25%) of the corporation's final adjusted gross income tax liability for such taxable year.

~~(f)~~ **(e)** The provisions of subsection ~~(d)~~ **(c)** requiring the reporting and estimated payment of adjusted gross income tax shall

be applicable only to corporations having an adjusted gross income tax liability which, after application of the credit allowed by IC 6-3-3-2 (repealed), shall exceed ~~one thousand dollars (\$1,000)~~ **two thousand five hundred dollars (\$2,500)** for its taxable year.

~~(g)~~ **(f)** If the department determines that a corporation's:

- (1) estimated quarterly adjusted gross income tax liability for the current year; or
- (2) average estimated quarterly adjusted gross income tax liability for the preceding year;

exceeds ~~before January 1, 1998, twenty thousand dollars (\$20,000); and, after December 31, 1997, ten five thousand dollars (\$10,000); (\$5,000)~~, after the credit allowed by IC 6-3-3-2 (repealed), the corporation shall pay the estimated adjusted gross income taxes due by electronic funds transfer (as defined in IC 4-8.1-2-7) or by delivering in person or overnight by courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the tax is due.

~~(h)~~ **(g)** If a corporation's adjusted gross income tax payment is made by electronic funds transfer, the corporation is not required to file an estimated adjusted gross income tax return.

SECTION 25. IC 6-3-4-8.1, AS AMENDED BY P.L.111-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 8.1. (a) Any entity that is required to file a monthly return and make a monthly remittance of taxes under sections 8, 12, 13, and 15 of this chapter shall file those returns and make those remittances twenty (20) days (rather than thirty (30) days) after the end of each month for which those returns and remittances are filed, if that entity's average monthly remittance for the immediately preceding calendar year exceeds one thousand dollars (\$1,000).

(b) The department may require any entity to make the entity's monthly remittance and file the entity's monthly return twenty (20) days (rather than thirty (30) days) after the end of each month for which a return and payment are made if the department estimates that the entity's average monthly payment for the current calendar year will exceed one thousand dollars (\$1,000).

(c) If the department determines that a withholding agent is not withholding, reporting, or remitting an amount of tax in accordance with this chapter, the department may require the withholding agent:

- (1) to make periodic deposits during the reporting period; and
- (2) to file an informational return with each periodic deposit.

(d) If a person files a combined sales and withholding tax report and either this section or IC 6-2.5-6-1 requires the sales or withholding tax report to be filed and remittances to be made within twenty (20) days after the end of each month, then the person shall file the combined report and remit the sales and withholding taxes due within twenty (20) days after the end of each month.

(e) If the department determines that an entity's:

- (1) estimated monthly withholding tax remittance for the current year; or
- (2) average monthly withholding tax remittance for the preceding year;

exceeds ~~ten five thousand dollars (\$10,000); (\$5,000)~~, the entity shall remit the monthly withholding taxes due by electronic fund transfer (as defined in IC 4-8.1-2-7) or by delivering in person or by overnight courier a payment by cashier's check, certified check, or

money order to the department. The transfer or payment shall be made on or before the date the remittance is due.

(f) If an entity's withholding tax remittance is made by electronic fund transfer, the entity is not required to file a monthly withholding tax return.

SECTION 26. IC 6-3-4-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 12. (a) Every partnership shall, at the time that the partnership pays or credits amounts to any of its nonresident partners on account of their distributive shares of partnership income, for a taxable year of the partnership, deduct and retain therefrom the amount prescribed in the withholding instructions referred to in section 8 of this chapter. Such partnership so paying or crediting any nonresident partner:

(1) shall be liable to the state of Indiana for the payment of the tax required to be deducted and retained under this section and shall not be liable to such partner for the amount deducted from such payment or credit and paid over in compliance or intended compliance with this section; and

(2) shall make return of and payment to the department monthly whenever the amount of tax due under IC 6-3 and IC 6-3.5 exceeds an aggregate amount of fifty dollars (\$50) per month with such payment due on the thirtieth day of the following month, unless an earlier date is specified by section 8.1 of this chapter.

Where the aggregate amount due under IC 6-3 and IC 6-3.5 does not exceed fifty dollars (\$50) per month, then such partnership shall make return and payment to the department quarterly, on such dates and in such manner as the department shall prescribe, of the amount of tax which, under IC 6-3 and IC 6-3.5, it is required to withhold.

(b) Every partnership shall, at the time of each payment made by it to the department pursuant to this section, deliver to the department a return upon such form as shall be prescribed by the department showing the total amounts paid or credited to its nonresident partners, the amount deducted therefrom in accordance with the provisions of this section, and such other information as the department may require. Every partnership making the deduction and retention provided in this section shall furnish to its nonresident partners annually, but not later than thirty (30) days after the end of its taxable year, a record of the amount of tax deducted and retained from such partners on forms to be prescribed by the department.

(c) All money deducted and retained by the partnership, as provided in this section, shall immediately upon such deduction be the money of the state of Indiana and every partnership which deducts and retains any amount of money under the provisions of IC 6-3 shall hold the same in trust for the state of Indiana and for payment thereof to the department in the manner and at the times provided in IC 6-3. Any partnership may be required to post a surety bond in such sum as the department shall determine to be appropriate to protect the state of Indiana with respect to money deducted and retained pursuant to this section.

(d) The provisions of IC 6-8.1 relating to additions to tax in case of delinquency and penalties shall apply to partnerships subject to the provisions of this section, and for these purposes any amount deducted, or required to be deducted and remitted to the department under this section, shall be considered to be the tax of the partnership, and with respect to such amount it shall be considered the taxpayer.

(e) Amounts deducted from payments or credits to a nonresident partner during any taxable year of the partnership in accordance with the provisions of this section shall be considered to be in part payment of the tax imposed on such nonresident partner for his taxable year within or with which the partnership's taxable year ends. A return made by the partnership under subsection (b) shall be accepted by the department as evidence in favor of the nonresident partner of the amount so deducted for his distributive share.

(f) This section shall in no way relieve any nonresident partner from his obligations of filing a return or returns at the time required under IC 6-3 or IC 6-3.5, and any unpaid tax shall be paid at the time prescribed by section 5 of this chapter.

(g) Instead of the reporting periods required under subsection (a), the department may permit a partnership to file one (1) return and payment each year if the partnership pays or credits amounts to its nonresident partners only one (1) time each year. The return and payment are due not more than thirty (30) days after the end of the year.

(h) A partnership shall file a composite adjusted gross income tax return on behalf of all nonresident individual partners. The composite return must include each nonresident individual partner regardless of whether or not the nonresident individual partner has other Indiana source income.

(i) If a partnership does not include all nonresident partners in the composite return, the partnership is subject to the penalty imposed under IC 6-8.1-10-2.1(j).

SECTION 27. IC 6-3-4-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 13. (a) Every corporation which is exempt from tax under IC 6-3 pursuant to IC 6-3-2-2.8(2) shall, at the time that it pays or credits amounts to any of its nonresident shareholders as dividends or as their share of the corporation's undistributed taxable income, withhold the amount prescribed by the department. Such corporation so paying or crediting any nonresident shareholder:

(1) shall be liable to the state of Indiana for the payment of the tax required to be withheld under this section and shall not be liable to such shareholder for the amount withheld and paid over in compliance or intended compliance with this section; and

(2) when the aggregate amount due under IC 6-3 and IC 6-3.5 exceeds one hundred fifty dollars (\$150) per quarter, then such corporation shall make return and payment to the department quarterly, on such dates and in such manner as the department shall prescribe, of the amount of tax which, under IC 6-3 and IC 6-3.5, it is required to withhold.

(b) Every corporation shall, at the time of each payment made by it to the department pursuant to this section, deliver to the department a return upon such form as shall be prescribed by the department showing the total amounts paid or credited to its nonresident shareholders, the amount withheld in accordance with the provisions of this section, and such other information as the department may require. Every corporation withholding as provided in this section shall furnish to its nonresident shareholders annually, but not later than the fifteenth day of the third month after the end of its taxable year, a record of the amount of tax withheld on behalf of such shareholders on forms to be prescribed by the department.

(c) All money withheld by a corporation, pursuant to this section, shall immediately upon being withheld be the money of the

state of Indiana and every corporation which withholds any amount of money under the provisions of this section shall hold the same in trust for the state of Indiana and for payment thereof to the department in the manner and at the times provided in IC 6-3. Any corporation may be required to post a surety bond in such sum as the department shall determine to be appropriate to protect the state of Indiana with respect to money withheld pursuant to this section.

(d) The provisions of IC 6-8.1 relating to additions to tax in case of delinquency and penalties shall apply to corporations subject to the provisions of this section, and for these purposes any amount withheld, or required to be withheld and remitted to the department under this section, shall be considered to be the tax of the corporation, and with respect to such amount it shall be considered the taxpayer.

(e) Amounts withheld from payments or credits to a nonresident shareholder during any taxable year of the corporation in accordance with the provisions of this section shall be considered to be a part payment of the tax imposed on such nonresident shareholder for his taxable year within or with which the corporation's taxable year ends. A return made by the corporation under subsection (b) shall be accepted by the department as evidence in favor of the nonresident shareholder of the amount so withheld from the shareholder's distributive share.

(f) This section shall in no way relieve any nonresident shareholder from the shareholder's obligation of filing a return or returns at the time required under IC 6-3 or IC 6-3.5, and any unpaid tax shall be paid at the time prescribed by section 5 of this chapter.

(g) Instead of the reporting periods required under subsection (a), the department may permit a corporation to file one (1) return and payment each year if the corporation pays or credits amounts to its nonresident shareholders only one (1) time each year. The withholding return and payment are due on or before the fifteenth day of the third month after the end of the taxable year of the corporation.

(h) If a distribution will be made with property other than money or a gain is realized without the payment of money, the corporation shall not release the property or credit the gain until it has funds sufficient to enable it to pay the tax required to be withheld under this section. If necessary, the corporation shall obtain such funds from the shareholders.

(i) If a corporation fails to withhold and pay any amount of tax required to be withheld under this section and thereafter the tax is paid by the shareholders, such amount of tax as paid by the shareholders shall not be collected from the corporation but it shall not be relieved from liability for interest or penalty otherwise due in respect to such failure to withhold under IC 6-8.1-10.

(j) A corporation described in subsection (a) ~~may~~ **shall** file a composite adjusted gross income tax return on behalf of ~~some or~~ all nonresident shareholders. ~~if it complies with the requirements prescribed by the department for filing a~~ **The composite return must include each nonresident individual shareholder regardless of whether or not the nonresident individual shareholder has other Indiana source income.**

(k) If a corporation described in subsection (a) does not include all nonresident shareholders in the composite return, the corporation is subject to the penalty imposed under IC 6-8.1-10-2.1(j).

SECTION 28. IC 6-3.1-24-9, AS AMENDED BY P.L.193-2005, SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) The total amount of tax credits that may be allowed under this chapter in a particular calendar year for qualified investment capital provided during that calendar year may not exceed twelve million five hundred thousand dollars (\$12,500,000). The Indiana economic development corporation may not certify a proposed investment plan under section 12.5 of this chapter if the proposed investment would result in the total amount of the tax credits certified for the calendar year exceeding twelve million five hundred thousand dollars (\$12,500,000). An amount of an unused credit carried over by a taxpayer from a previous calendar year may not be considered in determining the amount of proposed investments that the Indiana economic development corporation may certify under this chapter.

(b) Notwithstanding the other provisions of this chapter, a taxpayer is not entitled to a credit for providing qualified investment capital to a qualified Indiana business after December 31, ~~2008~~ **2012**. However, this subsection may not be construed to prevent a taxpayer from carrying over to a taxable year beginning after December 31, ~~2008~~ **2012**, an unused tax credit attributable to an investment occurring before January 1, ~~2009~~ **2013**.

SECTION 29. IC 6-3.1-31.5-13, AS ADDED BY HEA 1722-2007, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 13. (a) The total amount of tax credits allowed under this chapter may not exceed one million dollars (\$1,000,000) in a state fiscal year.

(b) A taxpayer may not be awarded a credit under this chapter for taxable years beginning after December 31, 2010.

SECTION 30. IC 6-3.5-5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. As used in this chapter:

"Branch office" means a branch office of the bureau of motor vehicles.

"Bus" has the meaning set forth in IC 9-13-2-17(a).

"Commercial motor vehicle" has the meaning set forth in IC 6-6-5.5-1(c).

"County council" includes the city-county council of a county that contains a consolidated city of the first class.

"In-state miles" has the meaning set forth in IC 6-6-5.5-1(i).

"Political subdivision" has the meaning set forth in IC 34-6-2-110.

"Recreational vehicle" has the meaning set forth in IC 9-13-2-150.

"Semitrailer" has the meaning set forth in IC 9-13-2-164(a).

"State agency" has the meaning set forth in ~~IC 34-4-16.5-2~~ **IC 34-6-2-141**.

"Tractor" has the meaning set forth in IC 9-13-2-180.

"Trailer" has the meaning set forth in IC 9-13-2-184(a).

"Truck" has the meaning set forth in IC 9-13-2-188(a).

"Wheel tax" means the tax imposed under this chapter.

SECTION 31. IC 6-3.5-5-9.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9.5. (a) **This section applies to a wheel tax adopted after June 30, 2007.**

(b) An owner of one (1) or more commercial vehicles paying an apportioned registration to the state under the International Registration Plan that is required to pay a wheel tax shall pay

an apportioned wheel tax calculated by dividing in-state actual miles by total fleet miles generated during the preceding year. If in-state miles are estimated for purposes of proportional registration, these miles are divided by total actual and estimated fleet miles. The apportioned wheel tax under this section shall be paid at the same time and in the same manner as the commercial motor vehicle excise tax under IC 6-6-5.5.

(c) A voucher from the department of state revenue showing payment of the wheel tax may be accepted by the bureau of motor vehicles in lieu of the payment required under section 9 of this chapter.

SECTION 32. IC 6-3.5-5-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13. (a) If the wheel tax is collected directly by the bureau of motor vehicles, instead of at a branch office, the commissioner of the bureau shall:

(1) remit the wheel tax to, and file a wheel tax collections report with, the appropriate county treasurer; and

(2) file a wheel tax collections report with the county auditor; in the same manner and at the same time that a branch office manager is required to remit and report under section 11 of this chapter.

(b) If the wheel tax for a commercial vehicle is collected directly by the department of state revenue, the commissioner of the department of state revenue shall:

(1) remit the wheel tax to, and file a wheel tax collections report with, the appropriate county treasurer; and

(2) file a wheel tax collections report with the county auditor;

in the same manner and at the same time that a branch office manager is required to remit and report under section 11 of this chapter.

SECTION 33. IC 6-4.1-10-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) A person may file with the department of state revenue a claim for the refund of inheritance or Indiana estate tax which has been erroneously or illegally collected. Except as provided in section 2 of this chapter, the person must file the claim within three (3) years after the tax is paid or within one (1) year after the tax is finally determined, whichever is later.

(b) The amount of the refund that a person is entitled to receive under this chapter equals the amount of the erroneously or illegally collected tax, plus interest at the rate of six percent (6%) per annum computed from the date the tax was paid to the date it is refunded: **calculated as specified in subsection (c).**

(c) If a tax payment that has been erroneously or illegally collected is not refunded within ninety (90) days after the date on which the refund claim is filed with the department of state revenue, interest accrues at the rate of six percent (6%) per annum computed from the date the refund claim is filed until the tax payment is refunded.

SECTION 34. IC 6-5.5-6-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) Each taxpayer subject to taxation under this article shall report and pay quarterly an estimated tax equal to twenty-five percent (25%) of the taxpayer's total estimated tax liability imposed by this article for the taxable year. A taxpayer that uses a taxable year that ends on December 31 shall file the taxpayer's estimated quarterly financial institutions tax return and pay the tax to the department on or before

April 20, June 20, September 20, and December 20 of the taxable year, without assessment or notice and demand from the department. If a taxpayer uses a taxable year that does not end on December 31, the due dates for filing the estimated quarterly financial institutions tax return and paying the tax are on or before the twentieth day of the fourth, sixth, ninth, and twelfth months of the taxpayer's taxable year. The department shall prescribe the manner and furnish the forms for reporting and payment.

(b) Subsection (a) is applicable only to taxpayers having a tax liability imposed under this article that exceeds ~~one two~~ **five hundred** dollars (~~\$1,000~~) (**\$2,500**) for the taxable year.

(c) If the department determines that a taxpayer's:

(1) estimated quarterly financial institutions tax liability for the current year; or

(2) average quarterly financial institutions tax payment for the preceding year;

exceeds ~~ten five~~ thousand dollars (~~\$10,000~~), (**\$5,000**), the taxpayer shall pay the quarterly financial institutions taxes due by electronic fund transfer (as defined in IC 4-8.1-2-7) or by delivering in person or by overnight courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the tax is due.

(d) If a taxpayer's financial institutions tax payment is made by electronic fund transfer, the taxpayer is not required to file a quarterly financial institutions tax return.

SECTION 35. IC 6-6-1.1-502 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 502. (a) Except as provided in subsection (b), at the time of filing each monthly report, each distributor shall pay to the administrator the full amount of tax due under this chapter for the preceding calendar month, computed as follows:

(1) Enter the total number of invoiced gallons of gasoline received during the preceding calendar month.

(2) Subtract the number of gallons for which deductions are provided by sections 701 through 705 of this chapter from the number of gallons entered under subdivision (1).

(3) Subtract the number of gallons reported under section 501(3) of this chapter.

(4) Multiply the number of invoiced gallons remaining after making the computation in subdivisions (2) and (3) by the tax rate prescribed by section 201 of this chapter to compute that part of the gasoline tax to be deposited in the highway, road, and street fund under section 802(2) of this chapter or in the motor fuel tax fund under section 802(3) of this chapter.

(5) Multiply the number of gallons subtracted under subdivision (3) by the tax rate prescribed by section 201 of this chapter to compute that part of the gasoline tax to be deposited in the fish and wildlife fund under section 802(1) of this chapter.

(b) If the department determines that a distributor's:

(1) estimated monthly gasoline tax liability for the current year; or

(2) average monthly gasoline tax liability for the preceding year;

exceeds ~~ten five~~ thousand dollars (~~\$10,000~~), (**\$5,000**), the distributor shall pay the monthly gasoline taxes due by electronic fund transfer (as defined in IC 4-8.1-2-7) or by delivering in person

or by overnight courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the tax is due.

SECTION 36. IC 6-7-1-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 17. (a) Distributors who hold certificates and retailers shall be agents of the state in the collection of the taxes imposed by this chapter and the amount of the tax levied, assessed, and imposed by this chapter on cigarettes sold, exchanged, bartered, furnished, given away, or otherwise disposed of by distributors or to retailers. Distributors who hold certificates shall be agents of the department to affix the required stamps and shall be entitled to purchase the stamps from the department at a discount of ~~one and two-tenths percent (1.2%) of the amount of the tax stamps purchased;~~ **one and two-tenths cents (\$0.012) per individual package of cigarettes** as compensation for their labor and expense.

(b) The department may permit distributors who hold certificates and who are admitted to do business in Indiana to pay for revenue stamps within thirty (30) days after the date of purchase. However, the privilege is extended upon the express condition that:

- (1) except as provided in subsection (c), a bond or letter of credit satisfactory to the department, in an amount not less than the sales price of the stamps, is filed with the department; and
- (2) proof of payment is made of all local property, state income, and excise taxes for which any such distributor may be liable. The bond or letter of credit, conditioned to secure payment for the stamps, shall be executed by the distributor as principal and by a corporation duly authorized to engage in business as a surety company or financial institution in Indiana.

(c) If a distributor has at least five (5) consecutive years of good credit standing with the state, the distributor shall not be required to post a bond or letter of credit under subsection (b).

SECTION 37. IC 6-7-1-17.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 17.5. (a) **Except as otherwise provided in this section, in determining the amount to pay for stamps purchased under this chapter, a distributor is entitled to a credit against the cost of stamps purchased in an amount equal to the distributor's receivables that:**

- (1) are attributable to stamps purchased by the distributor under this chapter and affixed to cigarettes that were transferred to a retailer;
- (2) resulted from a transfer of cigarettes to a retailer in which the distributor did not collect the tax imposed by this chapter from the retailer; and
- (3) were written off as an uncollectible debt for federal tax purposes under Section 166 of the Internal Revenue Code after December 31, 2006.

(b) **If a distributor claims a credit under subsection (a) and subsequently collects all of the associated receivable, the distributor shall remit the entire amount of the credit previously claimed under subsection (a) to the department within thirty (30) days of collection.**

(c) **If a distributor claims a credit under subsection (a) and subsequently collects part of the associated receivable, the distributor shall remit the amount determined under STEP SIX**

of the following formula to the department within thirty (30) days after collection:

STEP ONE: Determine the part of the associated receivable before collection that is attributable to the taxable price of the products subject to the tax imposed by this chapter.

STEP TWO: Determine the part of the associated receivable before collection that is attributable to the amount paid by the distributor for the stamps affixed to the products that were transferred to the retailer.

STEP THREE: Determine the sum of:

- (A) the STEP ONE result; plus
- (B) the STEP TWO result.

STEP FOUR: Determine the lesser of:

- (A) the amount collected; or
- (B) the STEP THREE result.

STEP FIVE: Divide:

- (A) the STEP TWO result; by
- (B) the STEP THREE result.

STEP SIX: Multiply:

- (A) the STEP FOUR result; by
- (B) the STEP FIVE result.

(d) **If the amount of the credit to which a distributor is entitled under subsection (a) exceeds the cost of the stamps that the distributor seeks to purchase, the remainder of the credit may be applied to future purchases of stamps by the distributor. For any uncollectible receivable used to establish a credit under subsection (a), the amount of the credit that is available to be applied to a purchase of stamps is the total amount of the credit determined under subsection (a) reduced by the sum of partial credits applied by the distributor to previous purchases of stamps.**

(e) **As used in this subsection, "affiliated group" means any combination of the following:**

(1) **An affiliated group within the meaning provided in Section 1504 of the Internal Revenue Code (except that the ownership percentage in Section 1504(a)(2) of the Internal Revenue Code shall be determined using fifty percent (50%) instead of eighty percent (80%)) or a relationship described in Section 267(b)(11) of the Internal Revenue Code.**

(2) **Two (2) or more partnerships (as defined in IC 6-3-1-19), including limited liability companies and limited liability partnerships, that have the same degree of mutual ownership as an affiliated group described in subdivision (1), as determined under the rules adopted by the department.**

The right to a credit under this section is not assignable to an individual or entity that is not part of the same affiliated group as the assignor.

SECTION 38. IC 6-7-2-14.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14.5. (a) **In determining the amount of tax imposed by this chapter that a distributor must remit under section 12 of this chapter, the distributor shall, subject to subsections (c) and (d), deduct from the distributor's wholesale income subject to the tax imposed by this chapter that is derived from wholesale transactions made during a**

particular reporting period an amount equal to the distributor's receivables that:

- (1) resulted from wholesale transactions on which the distributor has previously paid the tax imposed by this chapter to the department; and
- (2) were written off as an uncollectible debt for federal tax purposes under Section 166 of the Internal Revenue Code during the particular reporting period.

(b) If a distributor deducts a receivable under subsection (a) and subsequently collects all or part of that receivable, the distributor shall, subject to subsection (d)(5), include the amount collected as part of the distributor's wholesale income subject to the tax imposed by this chapter for the particular reporting period in which the distributor makes the collection.

(c) As used in this subsection, "affiliated group" means any combination of the following:

- (1) An affiliated group within the meaning provided in Section 1504 of the Internal Revenue Code (except that the ownership percentage in Section 1504(a)(2) of the Internal Revenue Code shall be determined using fifty percent (50%) instead of eighty percent (80%)) or a relationship described in Section 267(b)(11) of the Internal Revenue Code.
- (2) Two (2) or more partnerships (as defined in IC 6-3-1-19), including limited liability companies and limited liability partnerships, that have the same degree of mutual ownership as an affiliated group described in subdivision (1), as determined under the rules adopted by the department.

The right to a deduction under this section is not assignable to an individual or entity that is not part of the same affiliated group as the assignor.

(d) The following provisions apply to a deduction for a receivable treated as uncollectible debt under subsection (a):

- (1) The deduction does not include interest.
- (2) The amount of the deduction shall be determined in the manner provided by Section 166 of the Internal Revenue Code for bad debts but shall be adjusted to exclude:
 - (A) financing charges or interest;
 - (B) uncollectible amounts on property that remain in the possession of the distributor until the full purchase price is paid;
 - (C) expenses incurred in attempting to collect any debt; and
 - (D) repossessed property.

- (3) The deduction shall be claimed on the return for the period during which the receivable is written off as uncollectible in the claimant's books and records and is eligible to be deducted for federal income tax purposes. For purposes of this subdivision, a claimant who is not required to file federal income tax returns may deduct an uncollectible receivable on a return filed for the period in which the receivable is written off as uncollectible in the claimant's books and records and would be eligible for a bad debt deduction for federal income tax purposes if the claimant were required to file a federal income tax return.
- (4) If the amount of uncollectible receivables claimed as a deduction by a distributor for a particular reporting

period exceeds the amount of the distributor's taxable wholesale sales for that reporting period, the distributor may file a refund claim under IC 6-8.1-9. However, the deadline for the refund claim shall be measured from the due date of the return for the reporting period on which the deduction for the uncollectible receivables could first be claimed.

(5) For purposes of reporting a payment received on a previously claimed uncollectible receivable, any payments made on a debt or account shall be applied first proportionally to the taxable wholesale price of the property and the part of the receivable attributable to the tax imposed by this chapter, and secondly to interest, service charges, and any other charges.

SECTION 39. IC 6-8-12 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 12. Eligible Event; Exemption from Taxation

Sec. 1. As used in this chapter, "eligible entity" means the National Football League and its affiliates as defined in the National Football League document titled "SUPER BOWL XLV HOST CITY BID SPECIFICATIONS & REQUIREMENTS" dated October 2006.

Sec. 2. As used in this chapter, "eligible event" means an event known as the Super Bowl that is conducted by an eligible entity described in section 1 of this chapter.

Sec. 3. All property owned by an eligible entity, revenues of an eligible entity, and expenditures and transactions of an eligible entity:

- (1) in connection with an eligible event; and
- (2) resulting from holding an eligible event in Indiana or making preparatory advance visits to Indiana in connection with an eligible event;

are exempt from taxation in Indiana for all purposes.

Sec. 4. The excise tax under IC 6-9-13 does not apply to an eligible event.

Sec. 5. The general assembly finds that:

- (1) this chapter has been enacted as a requirement to host an eligible event in Indiana and that an eligible event would not be held in Indiana without the exemptions provided in this chapter;
- (2) notwithstanding the exemptions provided in this chapter, an eligible event held in Indiana would generate a significant economic impact for Indiana and additional revenues from taxes affected by this chapter; and
- (3) the exemptions provided in this chapter will not reduce or adversely affect the levy and collection of taxes pledged to the payment of bonds, notes, leases, or subleases payable from those taxes.

SECTION 40. IC 6-8.1-3-2.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2.5. The department may not

- (1) include the amount of revenue collected or tax liability assessed in the evaluation of an employee. or
- (2) impose or suggest production quotas or goals for employees based on the number of cases closed.

SECTION 41. IC 6-8.1-6-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) A

document, including a form, a return, a payment, or a writing of any type, which must be filed with the department by a prescribed date, is considered filed:

- (1) in cases where it is mailed through the United States mail, on the date displayed on the post office cancellation mark stamped on the document's wrapper;
- (2) in cases where it is delivered to the department in any manner other than through the United States mail, on the date on which the department physically receives the document; or
- (3) in cases where a payment is made by an electronic fund transfer, on the date the ~~taxpayer's bank account is charged:~~ **taxpayer issues the payment order for the electronic fund transfer.**

(b) If a document is sent through the United States mail by registered mail, certified mail, or certificate of mailing, then the date of the registration, certification, or certificate, as evidenced by any record authenticated by the United States Post Office, is considered the postmark date.

(c) If a document is mailed to the department through the United States mail and is physically received after the appropriate due date without a legible correct postmark, the person who mailed the document will be considered to have filed the document on or before the due date if the person can show by reasonable evidence to the department that the document was deposited in the United States mail on or before the due date.

(d) If a document is mailed to, but not received by, the department, the person who mailed the document will be considered to have filed the document on or before the due date if the person can show by reasonable evidence to the department that the document was deposited in the United States mail on or before the due date and if the person files with the department a duplicate document within thirty (30) days after the date the department sends notice that the document was not received.

SECTION 42. IC 6-8.1-9-1, AS AMENDED BY P.L.2-2005, SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) If a person has paid more tax than the person determines is legally due for a particular taxable period, the person may file a claim for a refund with the department. Except as provided in subsections (f) and (g), in order to obtain the refund, the person must file the claim with the department within three (3) years after the latter of the following:

- (1) The due date of the return.
- (2) The date of payment.

For purposes of this section, the due date for a return filed for the state gross retail or use tax, the gasoline tax, the special fuel tax, the motor carrier fuel tax, the oil inspection fee, or the petroleum severance tax is the end of the calendar year which contains the taxable period for which the return is filed. The claim must set forth the amount of the refund to which the person is entitled and the reasons that the person is entitled to the refund.

(b) When the department receives a claim for refund, the department shall consider the claim for refund and ~~may~~ **shall, if the taxpayer requests,** hold a hearing on the claim for refund to obtain and consider additional evidence. After considering the claim and all evidence relevant to the claim, the department shall issue a decision on the claim, stating the part, if any, of the refund allowed and containing a statement of the reasons for any part of the refund

that is denied. The department shall mail a copy of the decision to the person who filed the claim. If the department allows the full amount of the refund claim, a warrant for the payment of the claim is sufficient notice of the decision.

(c) If the person disagrees with any part of the department's decision, the person may appeal the decision, regardless of whether or not ~~he~~ **the person** protested the tax payment or whether or not the person has accepted a refund. The person must file the appeal with the tax court. The tax court does not have jurisdiction to hear a refund appeal suit, if:

- (1) the appeal is filed more than three (3) years after the date the claim for refund was filed with the department;
- (2) the appeal is filed more than ninety (90) days after the date the department mails the decision of denial to the person; or
- (3) the appeal is filed both before the decision is issued and before the one hundred eighty-first day after the date the person files the claim for refund with the department.

(d) The tax court shall hear the appeal de novo and without a jury, and after the hearing may order or deny any part of the appealed refund. The court may assess the court costs in any manner that it feels is equitable. The court may enjoin the collection of any of the listed taxes under IC 33-26-6-2. The court may also allow a refund of taxes, interest, and penalties that have been paid to and collected by the department.

(e) With respect to the motor vehicle excise tax, this section applies only to penalties and interest paid on assessments of the motor vehicle excise tax. Any other overpayment of the motor vehicle excise tax is subject to IC 6-6-5.

(f) If a taxpayer's federal income tax liability for a taxable year is modified by the Internal Revenue Service, and the modification would result in a reduction of the tax legally due, the due date by which the taxpayer must file a claim for refund with the department is the later of:

- (1) the date determined under subsection (a); or
- (2) the date that is six (6) months after the date on which the taxpayer is notified of the modification by the Internal Revenue Service.

(g) If an agreement to extend the assessment time period is entered into under IC 6-8.1-5-2(f), the period during which a person may file a claim for a refund under subsection (a) is extended to the same date to which the assessment time period is extended.

SECTION 43. IC 6-8.1-10-1, AS AMENDED BY P.L.1-2006, SECTION 147, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) If a person fails to file a return for any of the listed taxes, fails to pay the full amount of tax shown on the person's return by the due date for the return or the payment, or incurs a deficiency upon a determination by the department, the person is subject to interest on the nonpayment.

(b) The interest for a failure described in subsection (a) is the adjusted rate established by the commissioner under subsection (c), from the due date for payment. The interest applies to:

- (1) the full amount of the unpaid tax due if the person failed to file the return;
- (2) the amount of the tax that is not paid, if the person filed the return but failed to pay the full amount of tax shown on the return; or
- (3) the amount of the deficiency.

(c) The commissioner shall establish an adjusted rate of interest for a failure described in subsection (a) and for an excess tax payment on or before November 1 of each year. For purposes of subsection (b), the adjusted rate of interest shall be the percentage rounded to the nearest whole number that equals two (2) percentage points above the average investment yield on state money for the state's previous fiscal year, excluding pension fund investments, as published in the auditor of state's comprehensive annual financial report. ~~determined by the treasurer of state on or before October 1 of each year and reported to the commissioner.~~ For purposes of IC 6-8.1-9-2(c), the adjusted rate of interest for an excess tax payment ~~is the percentage rounded to the nearest whole number that equals the average investment yield on state money for the state's previous fiscal year, excluding pension fund investments, as published in the auditor of state's comprehensive annual financial report. must be the same as the adjusted rate of interest determined under this subsection for a failure described in subsection (a).~~ The adjusted rates of interest established under this subsection shall take effect on January 1 of the immediately succeeding year.

(d) For purposes of this section, the filing of a substantially blank or unsigned return does not constitute a return.

(e) Except as provided by IC 6-8.1-3-17(c) and IC 6-8.1-5-2, the department may not waive the interest imposed under this section.

(f) Subsections (a) through (c) do not apply to a motor carrier fuel tax return.

SECTION 44. IC 6-8.1-10-2.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 2.1. (a) If a person:

- (1) fails to file a return for any of the listed taxes;
- (2) fails to pay the full amount of tax shown on the person's return on or before the due date for the return or payment;
- (3) incurs, upon examination by the department, a deficiency that is due to negligence;
- (4) fails to timely remit any tax held in trust for the state; or
- (5) is required to make a payment by electronic funds transfer (as defined in IC 4-8.1-2-7), overnight courier, or personal delivery and the payment is not received by the department by the due date in funds acceptable to the department;

the person is subject to a penalty.

(b) Except as provided in subsection (g), the penalty described in subsection (a) is ten percent (10%) of:

- (1) the full amount of the tax due if the person failed to file the return;
- (2) the amount of the tax not paid, if the person filed the return but failed to pay the full amount of the tax shown on the return;
- (3) the amount of the tax held in trust that is not timely remitted;
- (4) the amount of deficiency as finally determined by the department; or
- (5) the amount of tax due if a person failed to make payment by electronic funds transfer, overnight courier, or personal delivery by the due date.

(c) For purposes of this section, the filing of a substantially blank or unsigned return does not constitute a return.

(d) If a person subject to the penalty imposed under this section

can show that the failure to file a return, pay the full amount of tax shown on the person's return, timely remit tax held in trust, or pay the deficiency determined by the department was due to reasonable cause and not due to willful neglect, the department shall waive the penalty.

(e) A person who wishes to avoid the penalty imposed under this section must make an affirmative showing of all facts alleged as a reasonable cause for the person's failure to file the return, pay the amount of tax shown on the person's return, pay the deficiency, or timely remit tax held in trust, in a written statement containing a declaration that the statement is made under penalty of perjury. The statement must be filed with the return or payment within the time prescribed for protesting departmental assessments. A taxpayer may also avoid the penalty imposed under this section by obtaining a ruling from the department before the end of a particular tax period on the amount of tax due for that tax period.

(f) The department shall adopt rules under IC 4-22-2 to prescribe the circumstances that constitute reasonable cause and negligence for purposes of this section.

(g) A person who fails to file a return for a listed tax that shows no tax liability for a taxable year, other than an information return (as defined in section 6 of this chapter), on or before the due date of the return shall pay a penalty of ten dollars (\$10) for each day that the return is past due, up to a maximum of two hundred fifty dollars (\$250).

(h) A corporation which otherwise qualifies under IC 6-3-2-2.8(2) but fails to withhold and pay any amount of tax required to be withheld under IC 6-3-4-13 shall pay a penalty equal to twenty percent (20%) of the amount of tax required to be withheld under IC 6-3-4-13. This penalty shall be in addition to any penalty imposed by section 6 of this chapter.

(i) Subsections (a) through (c) do not apply to a motor carrier fuel tax return.

(j) If a partnership or an S corporation fails to include all nonresidential individual partners or nonresidential individual shareholders in a composite return as required by IC 6-3-4-12(h) or IC 6-3-4-13(j), a penalty of five hundred dollars (\$500) per partnership or S corporation is imposed on the partnership or S corporation.

SECTION 45. IC 6-9-2-2, AS AMENDED BY P.L.168-2005, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 2. (a) The revenue received by the county treasurer under this chapter shall be allocated to the Lake County convention and visitor bureau, Indiana University-Northwest, Purdue University-Calumet, municipal public safety departments, municipal physical and economic development divisions, and the cities and towns in the county as provided in this section. Subsections (b) through (g) do not apply to the distribution of revenue received under section 1 of this chapter from hotels, motels, inns, tourist camps, tourist cabins, and other lodgings or accommodations built or refurbished after June 30, 1993, that are located in the largest city of the county.

(b) The Lake County convention and visitor bureau shall establish a convention, tourism, and visitor promotion fund (referred to in this chapter as the "promotion fund"). The county treasurer shall transfer to the Lake County convention and visitor bureau for deposit in the promotion fund ~~thirty-five~~ **thirty-six** percent ~~(35%)~~ **(36%)** of the first one million two hundred fifty

thousand dollars ~~(\$1,200,000)~~ **(\$1,250,000)** of revenue received from the tax imposed under this chapter in each year. The promotion fund consists of:

- (1) money in the promotion fund on June 30, 2005;
- (2) revenue deposited in the promotion fund under this subsection after June 30, 2005; and
- (3) investment income earned on the promotion fund's assets.

Money in the promotion fund may be expended only to promote and encourage conventions, trade shows, special events, recreation, and visitors within the county. Money may be paid from the promotion fund by claim in the same manner as municipalities may pay claims under IC 5-11-10-1.6.

(c) This subsection applies to the first one million two hundred **fifty** thousand dollars ~~(\$1,200,000)~~ **(\$1,250,000)** of revenue received from the tax imposed under this chapter in each year. During each year, the county treasurer shall transfer to Indiana University-Northwest ~~forty-four~~ **forty-two** and ~~thirty-three~~ **seventy-seven** hundredths percent ~~(44.33%)~~ **(42.77%)** of the revenue received under this chapter for that year to be used as follows:

- (1) Seventy-five percent (75%) of the revenue received under this subsection may be used only for the university's medical education programs.
- (2) Twenty-five percent (25%) of the revenue received under this subsection may be used only for the university's allied health education programs.

The amount for each year shall be transferred in four (4) approximately equal quarterly installments.

(d) This subsection applies to the first one million two hundred **fifty** thousand dollars ~~(\$1,200,000)~~ **(\$1,250,000)** of revenue received from the tax imposed under this chapter in each year. During each year, the county treasurer shall allocate among the cities and towns throughout the county ~~nine~~ **and sixty-eight** hundredths percent ~~(9%)~~ **(9.68%)** of the revenue received under this chapter for that year. The amount of each city's or town's allocation is as follows:

- (1) ~~Ten~~ **Nine** percent ~~(10%)~~ **(9%)** of the revenue covered by this subsection shall be transferred to cities having a population of more than ninety thousand (90,000) but less than one hundred five thousand (105,000).
- (2) ~~Ten~~ **Nine** percent ~~(10%)~~ **(9%)** of the revenue covered by this subsection shall be transferred to cities having a population of more than seventy-five thousand (75,000) but less than ninety thousand (90,000).
- (3) ~~Ten~~ **Nine** percent ~~(10%)~~ **(9%)** of the revenue covered by this subsection shall be transferred to cities having a population of more than thirty-two thousand (32,000) but less than thirty-two thousand eight hundred (32,800).
- (4) ~~Five percent (5%) of~~ **The remaining** revenue covered by **that must be allocated among the cities and towns located in the county under** this subsection shall be transferred **in equal amounts** to each town and each city not receiving a transfer under subdivisions (1) through (3).

The money transferred under this subsection may be used only for economic development projects. The county treasurer shall make the transfers on or before December 1 of each year.

(e) This subsection applies to the first one million two hundred

fifty thousand dollars ~~(\$1,200,000)~~ **(\$1,250,000)** of revenue received from the tax imposed under this chapter in each year. During each year, the county treasurer shall transfer to Purdue University-Calumet ~~nine~~ **eight and eighty-eight hundredths** percent ~~(9%)~~ **(8.88%)** of the revenue received under this chapter for that year. The money received by Purdue University-Calumet may be used by the university only for nursing education programs.

(f) This subsection applies to the first one million two hundred **fifty** thousand dollars ~~(\$1,200,000)~~ **(\$1,250,000)** of revenue received from the tax imposed under this chapter in each year. During each year, the county treasurer shall transfer two and sixty-seven hundredths percent (2.67%) of the revenue received under this chapter for that year to the following cities:

- (1) Fifty percent (50%) of the revenue covered by this subsection shall be transferred to cities having a population of more than ninety thousand (90,000) but less than one hundred five thousand (105,000).
- (2) Fifty percent (50%) of the revenue covered by this subsection shall be transferred to cities having a population of more than seventy-five thousand (75,000) but less than ninety thousand (90,000).

Money transferred under this subsection may be used only for convention facilities located within the city. In addition, the money may be used only for facility marketing, sales, and public relations programs. Money transferred under this subsection may not be used for salaries, facility operating costs, or capital expenditures related to the convention facilities. The county treasurer shall make the transfers on or before December 1 of each year.

(g) This subsection applies to the revenue received from the tax imposed under this chapter in each year that exceeds one million two hundred **fifty** thousand dollars ~~(\$1,200,000)~~ **(\$1,250,000)**. During each year, the county treasurer shall distribute money in the promotion fund as follows:

- (1) Eighty-five percent (85%) of the revenue covered by this subsection shall be deposited in the convention, tourism, and visitor promotion fund. The money deposited in the fund under this subdivision may be used only for the purposes for which other money in the fund may be used.
- (2) Five percent (5%) of the revenue covered by this subsection shall be transferred to Purdue University-Calumet. The money received by Purdue University-Calumet under this subdivision may be used by the university only for nursing education programs.
- (3) Five percent (5%) of the revenue covered by this subsection shall be transferred to Indiana University-Northwest. The money received by Indiana University-Northwest under this subdivision may be used only for the university's medical education programs.
- (4) Five percent (5%) of the revenue covered by this subsection shall be transferred to Indiana University-Northwest. The money received by Indiana University-Northwest under this subdivision may be used only for the university's allied health education programs.

(h) The county treasurer may estimate the amount that will be received under this chapter for the year to determine the amount to be transferred under this section.

(i) This subsection applies only to the distribution of revenue

received from the tax imposed under section 1 of this chapter from hotels, motels, inns, tourist camps, tourist cabins, and other lodgings or accommodations built or refurbished after June 30, 1993, that are located in the largest city of the county. During each year, the county treasurer shall transfer:

- (1) seventy-five percent (75%) of the revenues under this subsection to the department of public safety; and
- (2) twenty-five percent (25%) of the revenues under this subsection to the division of physical and economic development;

of the largest city of the county.

(j) The Lake County convention and visitor bureau shall assist the county treasurer, as needed, with the calculation of the amounts that must be deposited and transferred under this section.

SECTION 46. IC 20-49-8.2 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 8.2. Shortfall Loan

Sec. 1. As used in this chapter, "eligible school corporation" refers to a school corporation located in a county that has been reassessed under IC 6-1.1-4-32.

Sec. 2. As used in this chapter, "fund" refers to the common school fund in the custody of the treasurer of state.

Sec. 3. As used in this chapter, "loan" means a loan made from the fund under the provisions this chapter.

Sec. 4. The state board may loan money to an eligible school corporation that has experienced a shortfall of at least five percent (5%) in the collection of property tax levies in the current year or the preceding years for the eligible school corporation's general fund as a result of any of the following:

- (1) Erroneous assessed valuation amounts provided to the eligible school corporation.
- (2) Erroneous figures used to determine the eligible school corporation's general fund property tax rate.
- (3) A change in the assessed valuation of property as the result of appeals under IC 6-1.1 or IC 6-1.5.
- (4) The payment of refunds that resulted from appeals under IC 6-1.1 or IC 6-1.5.

Sec. 5. An eligible school corporation that desires to obtain a loan under this chapter must submit an application to the state board on forms prescribed by the state board after consulting with the department and the state budget agency.

Sec. 6. (a) Subject to subsection (b), the state board shall determine the terms of a loan after consulting with the department. The state budget agency must approve the terms of a loan before the loan is made.

(b) An eligible school corporation receiving a loan under this chapter must be repay the loan within thirty-six (36) months of the date on which the loan is made.

Sec. 7. An eligible school corporation that obtains a loan under this chapter may annually levy a tax in the debt service fund to repay the loan.

Sec. 8. If the state board recommends that an eligible school corporation receive a loan under this chapter, the eligible school corporation may not request an excessive tax levy for the same amount.

Sec. 9. This chapter may not be construed to prohibit an eligible school corporation from repaying a loan under this

chapter before the date specified in section 6(b) of this chapter.

Sec. 10. This chapter expires December 31, 2010.

SECTION 47. IC 36-2-7-10, AS AMENDED BY SEA 526-2007, SECTION 384, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) The county recorder shall tax and collect the fees prescribed by this section for recording, filing, copying, and other services the recorder renders, and shall pay them into the county treasury at the end of each calendar month. The fees prescribed and collected under this section supersede all other recording fees required by law to be charged for services rendered by the county recorder.

(b) The county recorder shall charge the following:

- (1) Six dollars (\$6) for the first page and two dollars (\$2) for each additional page of any document the recorder records if the pages are not larger than eight and one-half (8 1/2) inches by fourteen (14) inches.
- (2) Fifteen dollars (\$15) for the first page and five dollars (\$5) for each additional page of any document the recorder records, if the pages are larger than eight and one-half (8 1/2) inches by fourteen (14) inches.
- (3) For attesting to the release, partial release, or assignment of any mortgage, judgment, lien, or oil and gas lease contained on a multiple transaction document, the fee for each transaction after the first is the amount provided in subdivision (1) plus the amount provided in subdivision (4) and one dollar (\$1) for marginal mortgage assignments or marginal mortgage releases.
- (4) One dollar (\$1) for each cross-reference of a recorded document.
- (5) One dollar (\$1) per page not larger than eight and one-half (8 1/2) inches by fourteen (14) inches for furnishing copies of records and two dollars (\$2) per page that is larger than eight and one-half (8 1/2) inches by fourteen (14) inches.
- (6) Five dollars (\$5) for acknowledging or certifying to a document.
- (7) Five dollars (\$5) for each deed the recorder records, in addition to other fees for deeds, for the county surveyor's corner perpetuation fund for use as provided in IC 21-47-3-3 or IC 36-2-12-11(e).
- (8) A fee in an amount authorized under IC 5-14-3-8 for transmitting a copy of a document by facsimile machine.
- (9) A fee in an amount authorized by an ordinance adopted by the county legislative body for duplicating a computer tape, a computer disk, an optical disk, microfilm, or similar media. This fee may not cover making a handwritten copy or a photocopy or using xerography or a duplicating machine.
- (10) A supplemental fee of three dollars (\$3) for recording a document that is paid at the time of recording. The fee under this subdivision is in addition to other fees provided by law for recording a document.
- (11) Three dollars (\$3) for each mortgage on real estate recorded, in addition to other fees required by this section, distributed as follows:
 - (A) Fifty cents (\$0.50) is to be deposited in the recorder's record perpetuation fund.
 - (B) Two dollars and fifty cents (\$2.50) is to be distributed to the auditor of state on or before June 20 and December 20 of each year as provided in IC 24-9-9-3.

(12) This subdivision applies in a county only if at least one (1) unit in the county has established an affordable housing fund under IC 5-20-5-15.5 and the county fiscal body adopts an ordinance authorizing the fee described in this subdivision. An ordinance adopted under this subdivision may authorize the county recorder to charge a fee of:

(A) two dollars and fifty cents (\$2.50) for the first page; and

(B) one dollar (\$1) for each additional page; of each document the recorder records.

(13) This subdivision applies in a county containing a consolidated city that has established a housing trust fund under IC 36-7-15.1-35.5(e). The county fiscal body may adopt an ordinance authorizing the fee described in this subdivision. An ordinance adopted under this subdivision may authorize the county recorder to charge a fee of:

(A) two dollars and fifty cents (\$2.50) for the first page; and

(B) one dollar (\$1) for each additional page; of each document the recorder records.

(c) The county recorder shall charge a two dollar (\$2) county identification security protection fee for recording or filing a document. This fee shall be deposited under IC 36-2-7.5-6.

(d) The county treasurer shall establish a recorder's records perpetuation fund. All revenue received under subsection (b)(5), (b)(8), (b)(9), and (b)(10), and fifty cents (\$0.50) from revenue received under subsection (b)(11), shall be deposited in this fund. The county recorder may use any money in this fund without appropriation for the preservation of records and the improvement of record keeping systems and equipment.

(e) As used in this section, "record" or "recording" includes the functions of recording, filing, and filing for record.

(f) The county recorder shall post the fees set forth in subsection (b) in a prominent place within the county recorder's office where the fee schedule will be readily accessible to the public.

(g) The county recorder may not tax or collect any fee for:

(1) recording an official bond of a public officer, a deputy, an appointee, or an employee; or

(2) performing any service under any of the following:

(A) IC 6-1.1-22-2(c).

(B) IC 8-23-7.

(C) IC 8-23-23.

(D) IC 10-17-2-3.

(E) IC 10-17-3-2.

(F) IC 12-14-13.

(G) IC 12-14-16.

(h) The state and its agencies and instrumentalities are required to pay the recording fees and charges that this section prescribes.

(i) This subsection applies to a county other than a county containing a consolidated city. The county treasurer shall distribute money collected by the county recorder under subsection (b)(12) as follows:

(1) Sixty percent (60%) of the money collected by the county recorder under subsection (b)(12) shall be distributed to the units in the county that have established an affordable housing fund under IC 5-20-5-15.5 for deposit in the fund. The amount to be distributed to a unit

is the amount available for distribution multiplied by a fraction. The numerator of the fraction is the population of the unit. The denominator of the fraction is the population of all units in the county that have established an affordable housing fund. The population to be used for a county that establishes an affordable housing fund is the population of the county outside any city or town that has established an affordable housing fund.

(2) Forty percent (40%) of the money collected by the county recorder under subsection (b)(12) shall be distributed to the treasurer of state for deposit in the affordable housing and community development fund established under IC 5-20-4-7 for the purposes of the fund.

Money shall be distributed under this subsection before the sixteenth day of the month following the month in which the money is collected from the county recorder.

(j) This subsection applies to a county described in subsection (b)(13). The county treasurer shall distribute money collected by the county recorder under subsection (b)(13) as follows:

(1) Sixty percent (60%) of the money collected by the county recorder under subsection (b)(13) shall be deposited in the housing trust fund established under IC 36-7-15.1-35.5(e) for the purposes of the fund.

(2) Forty percent (40%) of the money collected by the county recorder under subsection (b)(13) shall be distributed to the treasurer of state for deposit in the affordable housing and community development fund established under IC 5-20-4-7 for the purposes of the fund.

Money shall be distributed under this subsection before the sixteenth day of the month following the month in which the money is collected from the county recorder.

SECTION 48. IC 36-7-15.1-35.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 35.5. (a) The general assembly finds the following:

(1) Federal law permits the sale of a multiple family housing project that is or has been covered, in whole or in part, by a contract for project based assistance from the United States Department of Housing and Urban Development without requiring the continuation of that project based assistance.

(2) Such a sale displaces the former residents of a multiple family housing project described in subdivision (1) and increases the shortage of safe and affordable housing for persons of low and moderate income within the county.

(3) The displacement of families and individuals from affordable housing requires increased expenditures of public funds for crime prevention, public health and safety, fire and accident prevention, and other public services and facilities.

(4) The establishment of a supplemental housing program under this section will do the following:

(A) Benefit the health, safety, morals, and welfare of the county and the state.

(B) Serve to protect and increase property values in the county and the state.

(C) Benefit persons of low and moderate income by making affordable housing available to them.

(5) The establishment of a supplemental housing program under this section and sections 32 through 35 of this chapter is:

- (A) necessary in the public interest; and
- (B) a public use and purpose for which public money may be spent and private property may be acquired.

(b) In addition to its other powers with respect to a housing program under sections 32 through 35 of this chapter, the commission may establish a supplemental housing program. Except as provided by this section, the commission has the same powers and duties with respect to the supplemental housing program that the commission has under sections 32 through 35 of this chapter with respect to the housing program.

(c) One (1) allocation area may be established for the supplemental housing program. The commission is not required to make the findings required under section 34(5) through 34(8) of this chapter with respect to the allocation area. However, the commission must find that the property contained within the boundaries of the allocation area consists solely of one (1) or more multiple family housing projects that are or have been covered, in whole or in part, by a contract for project based assistance from the United States Department of Housing and Urban Development or have been owned at one time by a public housing agency. The allocation area need not be contiguous. The definition of "base assessed value" set forth in section 35(a) of this chapter applies to the special fund established under section 26(b) of this chapter for the allocation area.

(d) The special fund established under section 26(b) of this chapter for the allocation area established under this section may be used only for the following purposes:

- (1) Subject to subdivision (2), on January 1 and July 1 of each year the balance of the special fund shall be transferred to the housing trust fund established under subsection (e).
- (2) The commission may provide each taxpayer in the allocation area a credit for property tax replacement in the manner provided by section 35(b)(7) of this chapter. Transfers made under subdivision (1) shall be reduced by the amount necessary to provide the credit.

(e) The commission shall, by resolution, establish a housing trust fund to be administered, subject to the terms of the resolution, by:

- (1) the housing division of the consolidated city; or
- (2) the department, division, or agency that has been designated to perform the public housing function by an ordinance adopted under IC 36-7-18-1.

(f) The housing trust fund consists of:

- (1) amounts transferred to the fund under subsection (d);
- (2) payments in lieu of taxes deposited in the fund under IC 36-3-2-11;
- (3) gifts and grants to the fund;
- (4) investment income earned on the fund's assets; ~~and~~
- (5) money deposited in the fund under IC 36-2-7-10(j); and**
- ~~(5)~~ **(6) other funds from sources approved by the commission.**

(g) The commission shall, by resolution, establish uses for the housing trust fund. However, the uses must be limited to:

- (1) providing financial assistance to those individuals and families whose income is at or below eighty percent (80%) of the county's median income for individuals and families,

respectively, to enable those individuals and families to purchase or lease residential units within the county;

- (2) paying expenses of administering the fund;
- (3) making grants, loans, and loan guarantees for the development, rehabilitation, or financing of affordable housing for individuals and families whose income is at or below eighty percent (80%) of the county's median income for individuals and families, respectively, including the elderly, persons with disabilities, and homeless individuals and families; and
- (4) providing technical assistance to nonprofit developers of affordable housing.

(h) At least fifty percent (50%) of the dollars allocated for production, rehabilitation, or purchase of housing must be used for units to be occupied by individuals and families whose income is at or below fifty percent (50%) of the county's area median income for individuals and families, respectively.

(i) The low income housing trust fund advisory committee is established. The low-income housing trust fund advisory committee consists of eleven (11) members. The membership of the low income housing trust fund advisory committee is comprised of:

- (1) one (1) member appointed by the mayor, to represent the interests of low income families;
- (2) one (1) member appointed by the mayor, to represent the interests of owners of subsidized, multifamily housing communities;
- (3) one (1) member appointed by the mayor, to represent the interests of banks and other financial institutions;
- (4) one (1) member appointed by the mayor, of the department of metropolitan development;
- (5) three (3) members representing the community at large appointed by the commission, from nominations submitted to the commission as a result of a general call for nominations from neighborhood associations, community based organizations, and other social services agencies;
- (6) one (1) member appointed by and representing the Coalition for Homeless Intervention and Prevention of Greater Indianapolis;
- (7) one (1) member appointed by and representing the Local Initiatives Support Corporation;
- (8) one (1) member appointed by and representing the Indianapolis Coalition for Neighborhood Development; and
- (9) one (1) member appointed by and representing the Indianapolis Neighborhood Housing Partnership.

Members of the low income housing trust fund advisory committee serve for a term of four (4) years, and are eligible for reappointment. If a vacancy exists on the committee, the appointing authority who appointed the former member whose position has become vacant shall appoint an individual to fill the vacancy. A committee member may be removed at any time by the appointing authority who appointed the committee member.

(j) The low income housing trust fund advisory committee shall make recommendations to the commission regarding:

- (1) the development of policies and procedures for the uses of the low income housing trust fund; and
- (2) long term sources of capital for the low income housing trust fund, including:

- (A) revenue from:
 - (i) development ordinances;
 - (ii) fees; or
 - (iii) taxes;
- (B) financial market based income;
- (C) revenue derived from private sources; and
- (D) revenue generated from grants, gifts, donations, or income in any other form, from a:
 - (i) government program;
 - (ii) foundation; or
 - (iii) corporation.

(k) The county treasurer shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

SECTION 49. IC 6-2.5-8-10 IS REPEALED [EFFECTIVE UPON PASSAGE].

SECTION 50. [EFFECTIVE UPON PASSAGE] (a) **The commissioner of the department of state revenue shall revise any schedule specifying the adjusted rate of interest for excess tax payments as necessary to comply with IC 6-8.1-10-1, as amended by this act. A schedule revised under this SECTION takes effect July 1, 2007.**

(b) This SECTION expires December 31, 2007.

SECTION 51. [EFFECTIVE JULY 1, 2007] **IC 6-7-1-17, as amended by this act, applies only to cigarette stamps purchased by distributors after June 30, 2007.**

SECTION 52. [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)] **IC 6-3-3-12, as amended by this act, applies to taxable years beginning after December 31, 2006.**

SECTION 53. [EFFECTIVE JULY 1, 2007] **IC 6-2.3-6-1 and IC 6-3-4-4.1, both as amended by this act, apply to taxable years beginning after December 15, 2007.**

SECTION 54. [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)] (a) **As used in this SECTION, "department" refers to the department of state revenue.**

(b) A retail merchant that sold tangible personal property to a person that used or consumed the tangible personal property in providing public transportation under IC 6-2.5-5-27 may verify that the sale was exempt from taxation under IC 6-2.5 by using the information contained in form ST-135 for the transaction.

(c) If a retail merchant provides the department with the information from form ST-135 to verify that a sale described in subsection (b) is exempt from taxation under IC 6-2.5, the retail merchant may request:

- (1) a refund of gross retail tax plus any penalties and interest paid to the department; or**
- (2) that the department satisfy any outstanding gross retail tax liabilities, including any penalties and interest for tax liabilities;**

for the tangible personal property used or consumed in providing public transportation.

(d) This SECTION expires December 31, 2008.

SECTION 55. [EFFECTIVE JANUARY 1, 2008] **IC 6-3-1-3.5, as amended by this act, applies to taxable years beginning after December 31, 2007.**

SECTION 56. [EFFECTIVE JULY 1, 2007] (a) **IC 6-2.5-6-10, as amended by this act, applies to reporting periods beginning**

after June 30, 2007.

(b) The amount of a retail merchant's state gross retail and use tax liability under IC 6-2.5 accrued during the period beginning after December 31, 2006, and ending before July 1, 2007, must be used to determine the applicable percentage applied under IC 6-2.5-6-10(b), as amended by this act, for a reporting period beginning after June 30, 2007, and ending before January 1, 2008.

SECTION 57. [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)] **IC 6-1.1-45-12, as amended by this act, applies to assessment dates occurring after February 28, 2007, for property taxes first due and payable after December 31, 2007.**

SECTION 58. [EFFECTIVE JANUARY 1, 2008] **IC 6-3-4-12, IC 6-3-4-13, and IC 6-8.1-10-2.1, all as amended by this act, apply to taxable years beginning after December 31, 2007.**

SECTION 59. **An emergency is declared for this act.**

(Reference is to ESB 500 as reprinted April 10, 2007.)

Kenley, Chair	Kuzman
Mrvan	Crawford
Senate Conferees	House Conferees

Roll Call 542: yeas 48, nays 1. Report adopted.

RESOLUTIONS ON FIRST READING

Senate Resolution 72

Senate Resolution 72, introduced by Senator Gard:

A SENATE RESOLUTION urging the legislative council to seek a report from the department of environmental management regarding concentrated animal feeding operations and confined feeding operations.

Whereas, Issues concerning concentrated animal feeding operations and confined feeding operations are very important to the citizens of Indiana and the members of the General Assembly: Therefore,

Be it resolved by the Senate of the General Assembly of the State of Indiana:

SECTION 1. That the legislative council urges the Indiana department of environmental management to submit an annual report to the governor, the general assembly, and the environmental quality service council that includes the following with respect to concentrated animal feeding operations and confined feeding operations:

- (1) The:
 - (A) types and numbers of inspections conducted; and
 - (B) annual inspection activity of each inspector.
- (2) The:
 - (A) number of applications for approval of construction;
 - (B) number of approvals issued; and
 - (C) number of and reasons for denials.
- (3) The number of NPDES permits obtained.
- (4) The types and sizes of operations for which approvals were issued or NPDES permits were obtained.

- (5) The types and numbers of violations of statutes and rules concerning human health and the environment.
- (6) The:
- (A) types and numbers of enforcement actions initiated or concluded; and
- (B) status of all pending enforcement actions.
- (7) The types, numbers, and amounts of fines and civil penalties imposed.
- (8) The:
- (A) types and numbers of criminal penalties; and
- (B) types, numbers, and amount of criminal fines.

The resolution was read in full and adopted by voice vote.

Senate Resolution 73

Senate Resolution 73, introduced by Senator Hershman:

A SENATE RESOLUTION urging the Legislative Council to establish an interim study committee to study the issue of information sharing between criminal justice agencies in the State of Indiana.

Whereas, Indiana criminal justice agencies can operate more efficiently and effectively and public safety enhanced when information is shared between the agencies in a timely, complete, and accurate manner;

Whereas, Recent events have highlighted the need for timely, complete, and accurate information to be received at the state criminal history repository, including information regarding arrests, fingerprints, dispositions of criminal charges, and mental health information that disqualify a person from owning or purchasing a firearm; and

Whereas, The issue of information sharing between criminal justice agencies in the State of Indiana requires more in-depth study, which can be accomplished during the interim: Therefore,

*Be it resolved by the Senate of the
General Assembly of the State of Indiana:*

SECTION 1. That the Legislative Council is urged to establish an interim study committee to study the issue of information sharing between criminal justice agencies in the State of Indiana.

SECTION 2. That the committee, if established, shall operate under the direction of the Legislative Council and that the committee shall issue a final report when directed to do so by the Council.

The resolution was read in full and adopted by voice vote.

SENATE MOTION

Madam President: I move that Conference Committee Report #2 to Engrossed Senate Bill 503, filed April 29, 2007, be withdrawn from further consideration by the Senate.

MILLER

Motion prevailed.

SENATE MOTION

Madam President: I move that Senator Weatherwax be added as cosponsor of Engrossed House Bill 1386.

BRAY

Motion prevailed.

COMMITTEE REPORT

Madam President: Pursuant to Joint Rule 20, your Committee on Rules and Legislative Procedure, to which was referred Engrossed House Bill 1557 because it conflicts with House Enrolled Act 1281-2007, Senate Enrolled Act 524-2007, and Senate Enrolled Act 559-2007 without properly recognizing the existence of HEA 1281-2007, SEA 524-2007, and SEA 559-2007, has had EHB 1557 under consideration and begs leave to report back to the Senate with the recommendation that EHB 1557 be corrected as follows:

Page 5, line 16, delete "P.L.184-2005," and insert "HEA 1281-2007, SECTION 1,".

Page 5, line 17, delete "SECTION 2,".

Page 5, line 21, after "However," insert "IC 5-22-5-9 and" .

Page 5, line 21, delete "applies" and insert "apply" .

Page 7, between lines 34 and 35, begin a new line double block indented and insert:

"(iii) The industrial loan and investment company provides written consent allowing the department to inspect or examine all out of state locations in which an affiliate or a subsidiary of the industrial loan and investment company engages in the activities identified under clause (i), for the purpose of investigating the affiliate's or subsidiary's consumer lending practices involving Indiana residents. An inspection or examination performed by the department under this clause is subject to the schedule of fees established by the department under IC 28-11-3-5."

Page 64, line 14, delete "P.L.235-2005," and insert "SEA 524-2007, SECTION 38,".

Page 64, line 15, delete "SECTION 204,".

Page 64, line 24, delete "(17),".

Page 64, line 24, reset in roman "(16),".

Page 65, line 26, delete "health and educational facility" .

Page 65, line 27, delete "under IC 20-12-63;" and insert ";" .

(Reference is to EHB 1557 as reprinted March 30, 2007.)

LONG, Chair

R. YOUNG, R.M.M.

PAUL

Report adopted.

MESSAGE FROM THE PRESIDENT PRO TEMPORE OF THE INDIANA STATE SENATE

Madam President and Members of the Senate: I have on April 29, 2007, signed Senate Enrolled Acts: 128, 9, 506, and 504.

DAVID C. LONG
President Pro Tempore

**MESSAGE FROM THE PRESIDENT PRO TEMPORE
OF THE INDIANA STATE SENATE**

Madam President and Members of the Senate: I have on April 29, 2007, signed Senate Enrolled Acts: 191, 330, 416, 480, and 520.

DAVID C. LONG
President Pro Tempore

CONFERENCE COMMITTEE REPORTS

CONFERENCE COMMITTEE REPORT

EHB 1379-2

Madam President: Your Conference Committee appointed to confer with a like committee from the House upon Engrossed Senate Amendments to Engrossed House Bill 1379 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 5-14-3-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) For the purposes of this section, "state agency" has the meaning set forth in IC 4-13-1-1.

(b) Except as provided in this section, a public agency may not charge any fee under this chapter:

- (1) to inspect a public record; or
- (2) to search for, examine, or review a record to determine whether the record may be disclosed.

(c) The Indiana department of administration shall establish a uniform copying fee for the copying of one (1) page of a standard-sized document by state agencies. The fee may not exceed the average cost of copying records by state agencies or ten cents (\$0.10) per page, whichever is greater. A state agency may not collect more than the uniform copying fee for providing a copy of a public record. However, a state agency shall establish and collect a reasonable fee for copying nonstandard-sized documents.

(d) This subsection applies to a public agency that is not a state agency. The fiscal body (as defined in IC 36-1-2-6) of the public agency, or the governing body, if there is no fiscal body, shall establish a fee schedule for the certification ~~or copying or facsimile machine transmission~~ of documents. **The fee for certification of documents may not exceed five dollars (\$5) per document. The fee for copying documents may not exceed the actual cost of certifying, copying, or facsimile transmission of the document by the agency and the fee must be uniform throughout the public agency and uniform to all purchasers. As used in this subsection, "actual cost" means the cost of paper and the per-page cost for use of copying or facsimile equipment and does not include labor costs or overhead costs. the greater of:**

- (1) ten cents (\$0.10) per page for copies that are not color copies or twenty-five cents (\$0.25) per page for color copies; or**

(2) the actual cost to the agency of copying the document. A fee established under this subsection must be uniform throughout the public agency and uniform to all purchasers.

(e) If:

- (1) a person is entitled to a copy of a public record under this chapter; and
- (2) the public agency which is in possession of the record has reasonable access to a machine capable of reproducing the public record;

the public agency must provide at least one (1) copy of the public record to the person. However, if a public agency does not have reasonable access to a machine capable of reproducing the record or if the person cannot reproduce the record by use of enhanced access under section 3.5 of this chapter, the person is only entitled to inspect and manually transcribe the record. A public agency may require that the payment for copying costs be made in advance.

(f) Notwithstanding subsection (b), (c), (d), (g), (h), or (i), a public agency shall collect any certification, copying, facsimile machine transmission, or search fee that is specified by statute or is ordered by a court.

(g) Except as provided by subsection (h), for providing a duplicate of a computer tape, computer disc, microfilm, or similar or analogous record system containing information owned by the public agency or entrusted to it, a public agency may charge a fee, uniform to all purchasers, that does not exceed the sum of the following:

- (1) The agency's direct cost of supplying the information in that form.
- (2) The standard cost for selling the same information to the public in the form of a publication if the agency has published the information and made the publication available for sale.
- (3) In the case of the legislative services agency, a reasonable percentage of the agency's direct cost of maintaining the system in which the information is stored. However, the amount charged by the legislative services agency under this subdivision may not exceed the sum of the amounts it may charge under subdivisions (1) and (2).

(h) This subsection applies to the fee charged by a public agency for providing enhanced access to a public record. A public agency may charge any reasonable fee agreed on in the contract under section 3.5 of this chapter for providing enhanced access to public records.

(i) This subsection applies to the fee charged by a public agency for permitting a governmental entity to inspect public records by means of an electronic device. A public agency may charge any reasonable fee for the inspection of public records under this subsection, or the public agency may waive any fee for the inspection.

(j) Except as provided in subsection (k), a public agency may charge a fee, uniform to all purchasers, for providing an electronic map that is based upon a reasonable percentage of the agency's direct cost of maintaining, upgrading, and enhancing the electronic map and for the direct cost of supplying the electronic map in the form requested by the purchaser. If the public agency is within a political subdivision having a fiscal body, the fee is subject to the approval of the fiscal body of the political subdivision.

(k) The fee charged by a public agency under subsection (j) to cover costs for maintaining, upgrading, and enhancing an electronic map may be waived by the public agency if the electronic map for which the fee is charged will be used for a noncommercial purpose, including the following:

- (1) Public agency program support.
- (2) Nonprofit activities.
- (3) Journalism.
- (4) Academic research.

SECTION 2. IC 16-22-8-34, AS AMENDED BY P.L.88-2006, SECTION 5, AND AS AMENDED BY P.L.145-2006, SECTION 133, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 34. (a) The board or corporation may do all acts necessary or reasonably incident to carrying out the purposes of this chapter, including the following:

- (1) As a municipal corporation, sue and be sued in any court with jurisdiction.
- (2) To serve as the exclusive local board of health and local department of health within the county with the powers and duties conferred by law upon local boards of health and local departments of health.
- (3) To adopt and enforce ordinances consistent with Indiana law and administrative rules for the following purposes:
 - (A) To protect property owned or managed by the corporation.
 - (B) To determine, prevent, and abate public health nuisances.
 - (C) To establish quarantine regulations, impose restrictions on persons having infectious or contagious diseases and contacts of the persons, and regulate the disinfection of premises.
 - (D) To license, regulate, and establish minimum sanitary standards for the operation of a business handling, producing, processing, preparing, manufacturing, packing, storing, selling, distributing, or transporting articles used for food, drink, confectionery, or condiment in the interest of the public health.
 - (E) To control:
 - (i) rodents, mosquitos, and other animals, including insects, capable of transmitting microorganisms and disease to humans and other animals; and
 - (ii) the ~~animal's~~ **animals'** breeding places.
 - (F) To require persons to connect to available sewer systems and to regulate the disposal of domestic or sanitary sewage by private methods. However, the board and corporation have no jurisdiction over publicly owned or financed sewer systems or sanitation and disposal plants.
 - (G) To control rabies.
 - (H) For the sanitary regulation of water supplies for domestic use.
 - (I) To protect, promote, or improve public health. For public health activities and to enforce public health laws, the state health data center described in IC 16-19-10 shall provide health data, medical information, and epidemiological information to the corporation.
 - (J) To detect, report, prevent, and control disease affecting

public health.

- (K) To investigate and diagnose health problems and health hazards.
- (L) To regulate the sanitary and structural conditions of residential and nonresidential buildings and unsafe premises.
- (M) To license and regulate the design, construction, and operation of public pools, spas, and beaches.
- (N) To regulate the storage, containment, handling, use, and disposal of hazardous materials.
- (O) To license and regulate tattoo parlors and body piercing facilities.
- (4) To manage the corporation's hospitals, medical facilities, and mental health facilities.
- (5) To furnish health and nursing services to elementary and secondary schools within the county.
- (6) To furnish medical care to the indigent within the county unless medical care is furnished to the indigent by the division of family ~~and children~~ resources.
- (7) To determine the public health policies and programs to be carried out and administered by the corporation.
- (8) To adopt an annual budget ordinance and levy taxes.
- (9) To incur indebtedness in the name of the corporation.
- (10) To organize the personnel and functions of the corporation into divisions and subdivisions to carry out the corporation's powers and duties and to consolidate, divide, or abolish the divisions and subdivisions.
- (11) To acquire and dispose of property.
- (12) To receive *charitable contributions* and ~~make~~ gifts *as provided in 26 U.S.C. 170.*
- (13) *To make charitable contributions and gifts.*
- (14) *To establish a charitable foundation as provided in 26 U.S.C. 501.*
- ~~(13)~~ (15) To receive and distribute federal, state, local, or private grants.
- (16) *To receive and distribute grants from charitable foundations.*
- (17) *To establish nonprofit corporations to carry out the purposes of the corporation.*
- ~~(14)~~ (18) To erect buildings or structures or improvements to existing buildings or structures.
- ~~(15)~~ (19) To determine matters of policy regarding internal organization and operating procedures.
- ~~(16)~~ (20) To do the following:
 - (A) Adopt a schedule of reasonable charges for nonresidents of the county for medical and mental health services.
 - (B) Collect the charges from the patient or from the governmental unit where the patient resided at the time of the service.
 - (C) Require security for the payment of the charges.
- ~~(17)~~ (21) To adopt a schedule of and to collect reasonable charges for patients able to pay in full or in part.
- ~~(18)~~ (22) To enforce Indiana laws, administrative rules, and the code of the health and hospital corporation of the county.
- ~~(19)~~ (23) To purchase supplies, materials, and equipment for the corporation.

~~(20)~~ (24) To employ personnel and establish personnel policies to carry out the duties, functions, and powers of the corporation.

~~(21)~~ (25) To employ attorneys admitted to practice law in Indiana.

~~(22)~~ (26) To acquire, erect, equip, and operate the corporation's hospitals, medical facilities, and mental health facilities.

~~(23)~~ (27) To dispose of surplus property in accordance with a policy by the board.

~~(24)~~ (28) To determine the duties of officers and division directors.

~~(25)~~ (29) To fix the compensation of the officers and division directors.

~~(26)~~ (30) To carry out the purposes and object of the corporation.

~~(27)~~ (31) To obtain loans for hospital expenses in amounts and upon terms agreeable to the board. The board may secure the loans by pledging accounts receivable or other security in hospital funds.

~~(28)~~ (32) To establish fees for licenses, services, and records. The corporation may accept payment by credit card for fees. **IC 5-14-3-8(d) does not apply to fees established under this subdivision for certificates of birth, death, or stillbirth registration.**

(b) The board shall exercise the board's powers and duties in a manner consistent with Indiana law, administrative rules, and the code of the health and hospital corporation of the county.

SECTION 3. IC 16-37-1-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) A local health department may make a charge under IC 16-20-1-27 for each certificate of birth, death, or stillbirth registration. **IC 5-14-3-8(d) does not apply to the health department making a charge for a certificate of birth, death, or stillbirth registration under IC 16-20-1-27.**

(b) If the local department of health makes a charge for a certificate of death under subsection (a), a one dollar (\$1) coroners continuing education fee must be added to the rate established under IC 16-20-1-27. The local department of health shall deposit any coroners continuing education fees with the county auditor within thirty (30) days after collection. The county auditor shall transfer semiannually any coroners continuing education fees to the treasurer of state.

(c) Notwithstanding IC 16-20-1-27, a charge may not be made for furnishing a certificate of birth, death, or stillbirth registration to a person or to a member of the family of a person who needs the certificate for one (1) of the following purposes:

(1) To establish the person's age or the dependency of a member of the person's family in connection with:

(A) the person's service in the armed forces of the United States; or

(B) a death pension or disability pension of a person who is serving or has served in the armed forces of the United States.

(2) To establish or to verify the age of a child in school who desires to secure a work permit.

SECTION 4. IC 36-2-7-10, AS AMENDED BY SEA 526-2007, SECTION 384, IS AMENDED TO READ AS FOLLOWS

[EFFECTIVE JULY 1, 2007]: Sec. 10. (a) The county recorder shall tax and collect the fees prescribed by this section for recording, filing, copying, and other services the recorder renders, and shall pay them into the county treasury at the end of each calendar month. The fees prescribed and collected under this section supersede all other recording fees required by law to be charged for services rendered by the county recorder.

(b) The county recorder shall charge the following:

(1) Six dollars (\$6) for the first page and two dollars (\$2) for each additional page of any document the recorder records if the pages are not larger than eight and one-half (8 1/2) inches by fourteen (14) inches.

(2) Fifteen dollars (\$15) for the first page and five dollars (\$5) for each additional page of any document the recorder records, if the pages are larger than eight and one-half (8 1/2) inches by fourteen (14) inches.

(3) For attesting to the release, partial release, or assignment of any mortgage, judgment, lien, or oil and gas lease contained on a multiple transaction document, the fee for each transaction after the first is the amount provided in subdivision (1) plus the amount provided in subdivision (4) and one dollar (\$1) for marginal mortgage assignments or marginal mortgage releases.

(4) One dollar (\$1) for each cross-reference of a recorded document.

(5) One dollar (\$1) per page not larger than eight and one-half (8 1/2) inches by fourteen (14) inches for furnishing copies of records and two dollars (\$2) per page that is larger than eight and one-half (8 1/2) inches by fourteen (14) inches.

(6) Five dollars (\$5) for acknowledging or certifying to a document.

(7) Five dollars (\$5) for each deed the recorder records, in addition to other fees for deeds, for the county surveyor's corner perpetuation fund for use as provided in IC 21-47-3-3 or IC 36-2-12-11(e).

(8) A fee in an amount authorized under IC 5-14-3-8 for transmitting a copy of a document by facsimile machine.

(9) A fee in an amount authorized by an ordinance adopted by the county legislative body for duplicating a computer tape, a computer disk, an optical disk, microfilm, or similar media. This fee may not cover making a handwritten copy or a photocopy or using xerography or a duplicating machine.

(10) A supplemental fee of three dollars (\$3) for recording a document that is paid at the time of recording. The fee under this subdivision is in addition to other fees provided by law for recording a document.

(11) Three dollars (\$3) for each mortgage on real estate recorded, in addition to other fees required by this section, distributed as follows:

(A) Fifty cents (\$0.50) is to be deposited in the recorder's record perpetuation fund.

(B) Two dollars and fifty cents (\$2.50) is to be distributed to the auditor of state on or before June 20 and December 20 of each year as provided in IC 24-9-9-3.

(c) The county recorder shall charge a two dollar (\$2) county identification security protection fee for recording or filing a document. This fee shall be deposited under IC 36-2-7.5-6.

(d) The county treasurer shall establish a recorder's records perpetuation fund. All revenue received under **section 10.1 of this chapter and** subsection (b)(5), (b)(8), (b)(9), and (b)(10), and fifty cents (\$0.50) from revenue received under subsection (b)(11), shall be deposited in this fund. The county recorder may use any money in this fund without appropriation for the preservation of records and the improvement of record keeping systems and equipment. **Money from the fund may not be deposited or transferred into the county general fund and does not revert to the county general fund at the end of a fiscal year.**

(e) As used in this section, "record" or "recording" includes the functions of recording, filing, and filing for record.

(f) The county recorder shall post the fees set forth in subsection (b) in a prominent place within the county recorder's office where the fee schedule will be readily accessible to the public.

(g) The county recorder may not tax or collect any fee for:

- (1) recording an official bond of a public officer, a deputy, an appointee, or an employee; or
- (2) performing any service under any of the following:
 - (A) IC 6-1.1-22-2(c).
 - (B) IC 8-23-7.
 - (C) IC 8-23-23.
 - (D) IC 10-17-2-3.
 - (E) IC 10-17-3-2.
 - (F) IC 12-14-13.
 - (G) IC 12-14-16.

(h) The state and its agencies and instrumentalities are required to pay the recording fees and charges that this section prescribes.

SECTION 5. IC 36-2-7-10.1, AS AMENDED BY SEA 412-2007, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10.1. (a) As used in this section, "bulk form" means:

- (1) a copy of all recorded documents received by the county recorder for recording in a calendar day, week, month, or year;
- (2) the indices for finding, retrieving, and viewing all recorded documents received by the county recorder for recording in a calendar day, week, month, or year; or
- (3) both subdivisions (1) and (2).

(b) As used in this section, "bulk user" means an individual, a corporation, a partnership, a limited liability company, or an unincorporated association that purchases bulk form copies. However, "bulk user" does not include an individual, a corporation, a partnership, a limited liability company, or an unincorporated association whose primary purpose is to resell public records.

(c) As used in this section, "copy" means:

- (1) duplicating electronically stored data onto a disk, tape, drum, or any other medium of electronic data storage; or
- (2) reproducing on microfilm.

(d) As used in this section, "indices" means all of the indexing information used by the county recorder for finding, retrieving, and viewing a recorded document.

(e) As used in this section, "recorded document" means a writing, a paper, a document, a plat, a map, a survey, or anything else received at any time for recording or filing in the public records maintained by the county recorder.

(f) The county recorder shall collect the fees prescribed by this section for the sale of recorded documents in bulk form copies to

bulk users of public records. The county recorder shall pay the fees into the county treasury at the end of each calendar month. The fees prescribed and collected under this section supersede all other fees for bulk form copies required by law to be charged for services rendered by the county recorder to bulk users.

(g) Except as provided by subsection (h), the county recorder shall charge bulk users the following for bulk form copies:

- (1) ~~Five Seven~~ cents (~~\$0.05~~) **(\$0.07)** per page for a recorded document, including the index of the instrument number or book and page, or both, for retrieving the recorded document.
- (2) ~~Five Seven~~ cents (~~\$0.05~~) **(\$0.07)** per recorded document for a copy of the other indices used by the county recorder for finding, retrieving, and viewing a recorded document.

(h) As used in this subsection, "actual cost" does not include labor costs or overhead costs. The county recorder may charge a fee that exceeds the amount established by subsection (g) if the actual cost of providing the bulk form copies exceeds the amount established by subsection (g). However, the total amount charged for the bulk form copies may not exceed the actual cost plus one cent (\$0.01) of providing the bulk form copies.

(i) The county recorder shall provide bulk users with bulk form copies in the format or medium in which the county recorder maintains the recorded documents and indices. If the county recorder maintains the recorded documents and indices in more than one (1) format or medium, the bulk user may select the format or medium in which the bulk user shall receive the bulk form copies. If the county recorder maintains the recorded documents and indices for finding, retrieving, and viewing the recorded documents in an electronic or a digitized format, a reasonable effort shall be made to provide the bulk user with bulk form copies in a standard, generally acceptable, readable format. Upon request of the bulk user, the county recorder shall provide the bulk form copies to the bulk user within a reasonable time after the recorder's archival process is completed and bulk form copies become available in the office of the county recorder.

(j) Bulk form copies under this section may be used:

- (1) in the ordinary course of the business of the bulk user; and
- (2) by customers of the bulk user.

(k) The bulk user may charge its customers a fee for using the bulk form copies obtained by the bulk user. However, bulk form copies obtained by a bulk user under this section may not be resold.

~~(l)~~ **(l)** All revenue generated by the county recorder under this section shall be deposited in the recorder's record perpetuation fund and used by the recorder in accordance with section 10(d) of this chapter.

~~(m)~~ **(m)** This section does not apply to enhanced access under IC 5-14-3-3.

(Reference is to EHB 1379 as reprinted April 4, 2007.)

Hoy, Chair	Lawson
Friend	Deig
House Conferees	Senate Conferees

Roll Call 543: yeas 48, nays 1. Report adopted.

CONFERENCE COMMITTEE REPORT
ESB 390-1

Madam President: Your Conference Committee appointed to confer with a like committee from the House upon Engrossed House

Amendments to Engrossed Senate Bill 390 respectfully reports that said two committees have conferred and agreed as follows to wit: that the Senate recede from its dissent from all House amendments and that the Senate now concur in all House amendments to the bill and that the bill be further amended as follows:

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 24-5-15-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) Except as provided in subsection (d), a contract between a consumer and a credit services organization concerning the purchase of the services of the credit services organization must be in writing, be dated and signed by both the consumer and the credit services organization, and include all of the following:

(1) A statement in at least 10 point boldface type in immediate proximity to the space reserved for the signature of the buyer that reads:

"You, the buyer, may cancel this contract at any time before midnight of the third business day after the date of the transaction. See the attached notice of cancellation form for an explanation of this right."

(2) The terms and conditions of payment, including the total amount of all payments to be made by the buyer to the credit services organization or to another person.

(3) A complete and detailed description of the services to be performed and the results to be achieved by the credit services organization for or on behalf of the buyer, including all guarantees and all promises of full or partial refunds and a list of the adverse information appearing on the consumer's credit report that the credit services organization expects to have modified and the estimated date by which each modification will occur.

(4) The principal business address of the credit services organization and the name and address of the credit services organization's agent in Indiana authorized to receive service of process.

(b) A contract shall be accompanied by two (2) copies of a form captioned "NOTICE OF CANCELLATION" attached to the contract and that contains the following statement in at least 10 point boldface type:

NOTICE OF CANCELLATION

You may cancel this contract, without any penalty or obligation, at any time before midnight of the third business day after the date the contract is signed.

If you cancel, any payment made by you under this contract will be returned within ten days following receipt by the seller of your cancellation notice, or any other written notice, to

(name of seller)

(address of seller)

(place of business)

not later than midnight (date)

"I hereby cancel this transaction". (date)

(buyer's signature)

(c) A credit services organization shall give a copy of the completed contract and all other documents required by the credit services organization to the buyer at the time the contract and the documents are signed.

(d) If a contract is subject to this chapter and to IC 24-5.5, IC 24-5.5-4 applies to the contract.

SECTION 2. IC 24-5.5 IS ADDED TO THE INDIANA CODE AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

ARTICLE 5.5. MORTGAGE RESCUE PROTECTION FRAUD

Chapter 1. Application

Sec. 1. This article does not apply to the following:

(1) A person organized or chartered under the laws of this state, any other state, or the United States that relate to a bank, a trust company, a savings association, a savings bank, a credit union, or an industrial loan and investment company.

(2) The Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or a Federal Home Loan Bank.

(3) A department or agency of the United States or of Indiana.

(4) A person that is servicing or enforcing a loan that it owns.

(5) A person that is servicing a loan:

(A) for a person described in subdivisions (1) through (4) of this section; or

(B) insured by the Department of Housing and Urban Development or guaranteed by the Veterans Administration.

(6) An attorney licensed to practice law in Indiana who is representing a mortgagor.

Chapter 2. Definitions

Sec. 1. The definitions in this chapter apply throughout this article.

Sec. 2. "Foreclosure consultant" means a person who, directly or indirectly, makes a solicitation, a representation, or an offer to a homeowner to perform, with or without compensation, any service that the person represents will:

(1) prevent or postpone the initiation of a foreclosure proceeding, or reverse the effect of a foreclosure proceeding;

(2) allow the homeowner to become a lessee or renter in the homeowner's residence during or after a foreclosure proceeding; or

(3) allow the homeowner to have an option to repurchase the homeowner's residence after a foreclosure proceeding.

Sec. 3. "Foreclosure purchaser" means a person who purchases real property in a foreclosure proceeding.

Sec. 4. "Foreclosure reconveyance" means a transaction involving:

(1) the transfer of interest in real property by a

homeowner to a person during or incident to a proposed foreclosure proceeding, either by:

(A) transfer of interest from the homeowner to the person; or

(B) creation of a mortgage, trust, or other lien or encumbrance during the foreclosure process;

that allows the person to obtain legal or equitable title to all or part of the real property; and

(2) the subsequent conveyance, or promise of subsequent conveyance, of interest back to the homeowner by the person or the person's agent that allows the homeowner to possess the real property following the completion of the foreclosure proceeding.

Sec. 5. "Formal settlement" means a face-to-face meeting with a homeowner to complete final documents incident to the:

(1) sale or transfer of real property; or

(2) creation of a mortgage or equitable interest in real property;

conducted by a person who is not employed by or an affiliate of the foreclosure purchaser.

Sec. 6. "Homeowner" means a person who holds record title to residential real property as of the date on which:

(1) a contract with a foreclosure consultant; or

(2) a foreclosure reconveyance agreement;

with respect to the residential real property is entered into.

Chapter 3. Notice of Foreclosure

Sec. 1. In addition to any other notice required by law, a mortgagee, or the mortgagee's assignee, that proceeds under IC 32-30-10 to foreclose a mortgage or deed of trust shall, at the time of filing the complaint in the action, provide the following written notice to the mortgagor in a statement printed in at least 14 point boldface type:

"NOTICE REQUIRED BY STATE LAW

Mortgage foreclosure is a complex process. People may approach you about "saving" your home. You should be careful about any such promises. There are government agencies and nonprofit organizations you may contact for helpful information about the foreclosure process. For the name and telephone number of an organization near you, please call the Indiana housing and community development authority."

Service of the written notice required by this chapter shall be made as provided in the Indiana Rules of Trial Procedure governing service of process upon a person.

Chapter 4. Rescission of Contracts With Foreclosure Consultants and Foreclosure Reconveyance Agreements

Sec. 1. In addition to any other right under law to cancel or rescind a contract, a homeowner may rescind a:

(1) contract with a foreclosure consultant at any time before midnight of the seventh business day after the date the contract is signed; and

(2) foreclosure reconveyance agreement at any time before midnight of the seventh business day after the homeowner's transfer of the interest in the real property that is the subject of the agreement, as described in IC 24-5.5-2-4(1).

Sec. 2. A homeowner effectively rescinds a contract with a

foreclosure consultant if the homeowner gives written notice of a rescission to the foreclosure consultant by one (1) of the following:

(1) Mailing the rescission to the address specified in the contract.

(2) Sending the rescission through any facsimile or electronic mail address identified in the contract or other material provided to the homeowner by the foreclosure consultant.

Sec. 3. (a) If a notice of rescission under this chapter is sent by mail, the rescission is effective three (3) days after the notice is deposited in the U.S. mail, properly addressed, with postage prepaid.

(b) A homeowner is not required to give notice of rescission in the form required under the contract if the form under the contract is inconsistent with the requirements under this chapter.

Sec. 4. (a) If a homeowner rescinds a contract with a foreclosure consultant or a foreclosure reconveyance agreement, the homeowner shall, not later than thirty (30) days after the date of rescission, repay any amounts paid or advanced by:

(1) the foreclosure consultant or the foreclosure consultant's agent under the terms of the foreclosure consulting contract; or

(2) a person under a foreclosure reconveyance agreement.

(b) A rescission by a homeowner under this chapter is void if the payments required under this section are not made within the time set forth in subsection (a).

Sec. 5. If a homeowner rescinds a contract with a foreclosure consultant, not less than ten (10) days following the effective date of the rescission, the consultant shall return to the homeowner any payments made by the homeowner, less any amounts for actual services rendered.

Chapter 5. Limitations on Foreclosure Consultants and Foreclosure Reconveyances

Sec. 1. For purposes of this chapter, there is a rebuttable presumption that:

(1) a homeowner has a reasonable ability to pay for a subsequent reconveyance of real property if the homeowner's payments for primary housing expenses and regular principal and interest payments on other personal debt, on a monthly basis, do not exceed sixty percent (60%) of the homeowner's monthly gross income; and

(2) the foreclosure purchaser has not verified reasonable payment ability if the foreclosure purchaser has not obtained documents other than a statement by the homeowner of assets, liability, and income.

Sec. 2. In addition to any prohibitions that apply under IC 24-5-15-1 through IC 24-5-15-8, a foreclosure consultant may not:

(1) enter into or attempt to enter into a foreclosure consultant contract with a homeowner unless the foreclosure consultant first provides the homeowner written notice of the homeowner's rights under this article;

(2) demand or receive compensation until after the foreclosure consultant has fully performed all services the

foreclosure consultant contracted to perform or represented that the foreclosure consultant would perform, unless the foreclosure consultant complies with the security requirements under IC 24-5-15-8;

(3) demand or receive a fee, interest, or any other compensation that exceeds eight percent (8%) per year of the amount of any loan that the foreclosure consultant makes to the homeowner;

(4) take a wage assignment, a lien of any type on real or personal property, or any other security to secure the payment of compensation;

(5) receive consideration from a third party in connection with foreclosure consulting services provided to a homeowner unless the consideration is first fully disclosed in writing to the homeowner;

(6) acquire any interest, directly or indirectly, in residential real property in foreclosure from a homeowner with whom the foreclosure consultant has contracted; or

(7) except to inspect documents as provided by law, take any power of attorney from a homeowner for any purpose.

Sec. 3. A foreclosure purchaser may not enter into or attempt to enter into a foreclosure reconveyance agreement with a homeowner unless the:

(1) foreclosure purchaser verifies and demonstrates that the homeowner has or will have a reasonable ability to:

(A) pay for the subsequent reconveyance of the property back to the homeowner on completion of the terms of the foreclosure conveyance; or

(B) if the foreclosure conveyance provides for a lease with an option to repurchase the real property, make the lease payment and repurchase the real property within the period of the option to repurchase;

(2) foreclosure purchaser provides the homeowner written notice of the homeowner's rights under this article;

(3) foreclosure purchaser and the homeowner complete a formal settlement before any transfer of interest in the affected property; and

(4) foreclosure purchaser complies with the security requirements under IC 24-5-15-8.

Sec. 4. A foreclosure purchaser shall:

(1) ensure that title to real property has been reconveyed to the homeowner in a timely manner if the terms of a foreclosure reconveyance agreement require a reconveyance; or

(2) if the real property subject to a foreclosure reconveyance agreement is sold within eighteen (18) months after entering into the foreclosure reconveyance agreement, make payment to the homeowner not later than ninety (90) days after the resale of the real property in an amount equal to at least sixty-six percent (66%) of the net proceeds from the resale of the property.

Sec. 5. A foreclosure purchaser may not:

(1) enter into repurchase or lease terms as part of the foreclosure reconveyance that are unfair or commercially unreasonable or engage in any other unfair conduct;

(2) represent, directly or indirectly, that the:

(A) foreclosure purchaser is acting:

(i) as an adviser or a consultant; or

(ii) in any other manner on behalf of the homeowner;

(B) foreclosure purchaser is assisting the homeowner to save the residence; or

(C) foreclosure purchaser is assisting the homeowner in preventing a foreclosure if the result of the transaction is that the homeowner will not complete a redemption of the property; or

(3) until the homeowner's right to rescind or cancel the foreclosure reconveyance agreement has expired:

(A) record any document, including an instrument or conveyance, signed by the homeowner; or

(B) transfer to a third party or encumber, or purport to transfer to a third party or encumber, any interest in the residential real property in foreclosure.

Sec. 6. A foreclosure purchaser shall make a detailed accounting of the basis for the amount of payment made to a homeowner of real property resold within eighteen (18) months after entering into a foreclosure reconveyance agreement on a form prescribed by the attorney general.

Chapter 6. Enforcement

Sec. 1. A person who violates this article commits a deceptive act that is actionable by the attorney general under IC 24-5-0.5-4 and is subject to the penalties and remedies available to the attorney general under IC 24-5-0.5.

Sec. 2. (a) A homeowner may bring an action against a person for damages incurred as a result of a violation of this article.

(b) A homeowner who:

(1) brings an action under this section; and

(2) is awarded damages;

may seek reasonable attorney's fees.

Sec. 3. (a) A court may award attorney's fees under section 2(b) of this chapter.

(b) If the court finds that a person willfully or knowingly violated this article, the court may award damages equal to three (3) times the amount of actual damages.

Sec. 4. (a) The Indiana housing and community development authority shall maintain a list of nonprofit organizations that:

(1) offer counseling or advice to homeowners in foreclosure or loan defaults; and

(2) do not contract for services with for-profit lenders or foreclosure purchasers.

(b) The Indiana housing and community development authority shall provide names and telephone numbers of the organizations described in subsection (a) to a homeowner upon request.

Sec. 5. The attorney general may adopt rules under IC 4-22-2 necessary to implement this article.

Sec. 6. Except as provided in IC 24-5-15-7(d), this article may not be construed to preempt the provisions of IC 24-5-15-1 through IC 24-5-15-11.

SECTION 3. IC 25-1-11-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 13.** (a) The board may summarily suspend a practitioner's license for ninety (90) days before a final adjudication or during the appeals process if the board finds that a practitioner represents a clear and immediate danger to

the public's health, safety, or property if the practitioner is allowed to continue to practice. The summary suspension may be renewed upon a hearing before the board, and each renewal may be for not more than ninety (90) days.

(b) The board may summarily suspend the license of a real estate appraiser for ninety (90) days before a final adjudication or during the appeals process if the board finds that the licensed real estate license appraiser has engaged in material and intentional misrepresentations or omissions in the preparation of three (3) or more written appraisal reports that were submitted by a person to obtain a loan. The summary suspension may be renewed after a hearing before the board. Each renewal may be for not more than ninety (90) days.

(c) Before the board may summarily suspend a license under this section, the consumer protection division of the office of the attorney general must make a reasonable attempt to notify a practitioner of:

- (1) a hearing by the board to suspend a practitioner's license; and**
- (2) information regarding the allegation against the practitioner.**

The consumer protection division of the office of the attorney general must also notify the practitioner that the practitioner may provide a written or an oral statement to the board on the practitioner's behalf before the board issues an order for summary suspension. A reasonable attempt to reach the practitioner is made if the consumer protection division of the office of the attorney general attempts to reach the practitioner by telephone or facsimile at the last telephone number of the practitioner on file with the board.

(Reference is to ESB 390 as printed April 6, 2007.)

Drozda, Chair	Bardon
Broden	Koch
Senate Conferees	House Conferees

Roll Call 544: yeas 49, nays 0. Report adopted.

MESSAGE FROM THE HOUSE

Madam President: I am directed by the House to inform the Senate that the Speaker of the House has removed Representative Espich as a conferee on Engrossed House Bill 1478 and now appoints Representative Crawford thereon.

CLINTON MCKAY
Principal Clerk of the House

MESSAGE FROM THE HOUSE

Madam President: I am directed by the House to inform the Senate that the Speaker of the House has removed Representative Espich as a conferee on Engrossed House Bill 1001 and now appoints Representative Cochran thereon.

CLINTON MCKAY
Principal Clerk of the House

MESSAGE FROM THE HOUSE

Madam President: I am directed by the House to inform the Senate that the House has accepted and approved the Joint Rule 20

correction on Engrossed House Bill 1505.

CLINTON MCKAY
Principal Clerk of the House

5:36 p.m.

The Chair declared a recess until the fall of the gavel.

Recess

The Senate reconvened at 9:04 p.m., with the President of the Senate in the Chair.

COMMITTEE REPORT

Pursuant to Senate Rule 83(j), your Committee on Rules and Legislative Procedure to which was referred Conference Committee Reports filed on Engrossed Senate Bills 206 and 503 and Engrossed House Bills 1386, 1659, and 1835 has had the same under consideration and begs leave to report back to the Senate with the recommendation that said Conference Committee Reports are eligible for consideration.

LONG, Chair

Report adopted.

JOINT RULE COMMITTEE REPORTS

COMMITTEE REPORT

Madam President: Pursuant to Joint Rule 20, your Committee on Rules and Legislative Procedure, to which was referred Engrossed House Bill 1503 because it conflicts with Senate Enrolled Act 191-2007 and Senate Enrolled Act 448-2007 without properly recognizing the existence of SEA 191-2007 and SEA 448-2007, has had EHB 1503 under consideration and begs leave to report back to the Senate with the recommendation that EHB 1503 be corrected as follows:

In the Conference Committee Report to EHB 1503, page 7, line 17, delete "SEA 271-2007," and insert "SEA 191-2007,".

In the Conference Committee Report to EHB 1503, page 8, line 5, after "until" insert ":

(1)".

In the Conference Committee Report to EHB 1503, page 8, line 6, delete "." and insert "; and

(2) law enforcement and the coroner have finished their initial assessment of the scene of death."

In the Conference Committee Report to EHB 1503, page 13, line 42, delete "IC 36-2-14-22" and insert "IC 36-2-14-22.1".

In the Conference Committee Report to EHB 1503, page 13, line 44, delete "Sec. 22." and insert "**Sec. 22.1**".

(Reference is to EHB 1503 as reprinted April 11, 2007, and as amended by the Conference Committee Report to EHB 1503.)

LONG, Chair
R. YOUNG, R.M.M.
LAWSON

Report adopted.

SENATE MOTION

Madam President: I move that Conference Committee Report #1 to Engrossed House Bill 1478, filed April 29, 2007, be withdrawn from further consideration by the Senate.

KENLEY

Motion prevailed.

**MOTIONS TO CONCUR
IN HOUSE AMENDMENTS**

SENATE MOTION

Madam President: I move that the Senate do concur with the House amendments to Engrossed Senate Bill 450.

SIPES

Roll Call 545: yeas 50, nays 0. Motion prevailed.

CONFERENCE COMMITTEE REPORTS

CONFERENCE COMMITTEE REPORT

EHB 1386-1

Madam President: Your Conference Committee appointed to confer with a like committee from the House upon Engrossed Senate Amendments to Engrossed House Bill 1386 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 5-2-6-3, AS AMENDED BY P.L.173-2006, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. The institute is established to do the following:

- (1) Evaluate state and local programs associated with:
 - (A) the prevention, detection, and solution of criminal offenses;
 - (B) law enforcement; and
 - (C) the administration of criminal and juvenile justice.
- (2) Improve and coordinate all aspects of law enforcement, juvenile justice, and criminal justice in this state.
- (3) Stimulate criminal and juvenile justice research.
- (4) Develop new methods for the prevention and reduction of crime.
- (5) Prepare applications for funds under the Omnibus Act and the Juvenile Justice Act.
- (6) Administer victim and witness assistance funds.
- (7) Administer the traffic safety functions assigned to the institute under IC 9-27-2.
- (8) Compile and analyze information and disseminate the information to persons who make criminal justice decisions in this state.
- (9) Serve as the criminal justice statistical analysis center for this state.
- (10) Identify grants and other funds that can be used by the

department of correction to carry out its responsibilities concerning sex **or violent** offender registration under IC 11-8-8.

(11) Administer the application and approval process for designating an area of a consolidated or second class city as a public safety improvement area under IC 36-8-19.5.

(12) Develop and maintain a meth watch program to inform retailers and the public about illicit methamphetamine production, distribution, and use in Indiana.

SECTION 2. IC 5-2-6-14, AS AMENDED BY P.L.173-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. (a) The victim and witness assistance fund is established. The institute shall administer the fund. Except as provided in subsection (e), expenditures from the fund may be made only in accordance with appropriations made by the general assembly.

(b) The source of the victim and witness assistance fund is the family violence and victim assistance fund established by IC 12-18-5-2.

(c) The institute may use money from the victim and witness assistance fund when awarding a grant or entering into a contract under this chapter, if the money is used for the support of a program in the office of a prosecuting attorney or in a state or local law enforcement agency designed to:

- (1) help evaluate the physical, emotional, and personal needs of a victim resulting from a crime, and counsel or refer the victim to those agencies or persons in the community that can provide the services needed;
- (2) provide transportation for victims and witnesses of crime to attend proceedings in the case when necessary; or
- (3) provide other services to victims or witnesses of crime when necessary to enable them to participate in criminal proceedings without undue hardship or trauma.

(d) Money in the victim and witness assistance fund at the end of a particular fiscal year does not revert to the general fund.

(e) The institute may use money in the fund to:

- (1) pay the costs of administering the fund, including expenditures for personnel and data;
- (2) support the **registration of sex or violent offenders under IC 11-8-8 and the Indiana sex and violent offender registry established under ~~IC 11-8-8~~, IC 36-2-13-5.5**;
- (3) provide training for persons to assist victims; and
- (4) establish and maintain a victim notification system under IC 11-8-7 if the department of correction establishes the system.

SECTION 3. IC 10-13-3-5, AS AMENDED BY P.L.20-2006, SECTION 1, AND AS AMENDED BY P.L.140-2006, SECTION 4 AND P.L.173-2006, SECTION 4, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) As used in this chapter, "criminal history data" means information collected by criminal justice agencies, the United States Department of Justice for the department's information system, or individuals.

(b) The term consists of the following:

- (1) Identifiable descriptions and notations of arrests, indictments, informations, or other formal criminal charges.
- (2) Information, *including a photograph*, regarding a sex ~~and~~

or violent offender (as defined in ~~IC 5-2-12-4~~ IC 11-8-8-5) obtained through sex ~~and~~ or violent offender registration under ~~IC 5-2-12~~ IC 11-8-8.

(3) Any disposition, including sentencing, and correctional system intake, transfer, and release.

(4) A photograph of the person who is the subject of the information described in subdivisions (1) through (3).

(c) The term includes fingerprint information described in section 24(f) of this chapter.

SECTION 4. IC 10-13-3-24, AS AMENDED BY P.L.20-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 24. (a) The department shall act as the official state central repository for criminal history data.

(b) A sheriff, police department, or criminal justice agency in Indiana shall report to the department, on forms provided by the department, all arrests for reportable offenses.

(c) Except as provided in subsection (e), at the time a sheriff, police department, or criminal justice agency makes the report described in subsection (b), the sheriff, police department, or criminal justice agency shall transmit a photograph of the person who is the subject of the report to the department.

(d) The department may adopt guidelines concerning the:

- (1) form; and
- (2) manner of transmission (including electronic transmission);

of a photograph described in subsection (c). If the department adopts guidelines under this subsection, the sheriff, police department, or criminal justice agency required to transmit a photograph under subsection (c) shall transmit the photograph in accordance with the guidelines adopted by the department.

(e) Notwithstanding subsections (c) and (d):

- (1) the department is not required to process; and
- (2) a sheriff, police department, or criminal justice agency is not required to submit;

a photograph under this section unless the department has sufficient funding available to process photographs submitted under this section.

(f) The department of correction may report to the department:

- (1) fingerprints recorded by the department of correction in any reliable manner, including the use of a digital fingerprinting device, when a person convicted of an offense is received by the department of correction; and
- (2) an abstract of judgment received by the department of correction that relates to the fingerprints described in subdivision (1).

SECTION 5. IC 10-13-3-27, AS AMENDED BY P.L.1-2006, SECTION 171, AND AS AMENDED BY P.L.140-2006, SECTION 5 AND P.L.173-2006, SECTION 5, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 27. (a) Except as provided in subsection (b), on request, a law enforcement agency shall release a limited criminal history to or allow inspection of a limited criminal history by noncriminal justice organizations or individuals only if the subject of the request:

- (1) has applied for employment with a noncriminal justice organization or individual;
- (2) has applied for a license and *has provided* criminal history

data ~~is~~ as required by law to be provided in connection with the license;

(3) is a candidate for public office or a public official;

(4) is in the process of being apprehended by a law enforcement agency;

(5) is placed under arrest for the alleged commission of a crime;

(6) has charged that the subject's rights have been abused repeatedly by criminal justice agencies;

(7) is the subject of a judicial decision or determination with respect to the setting of bond, plea bargaining, sentencing, or probation;

(8) has volunteered services that involve contact with, care of, or supervision over a child who is being placed, matched, or monitored by a social services agency or a nonprofit corporation;

(9) is currently residing in a location designated by the department of child services (established by ~~IC 31-33-1-5-2~~ IC 31-25-1-1) or by a juvenile court as the out-of-home placement for a child at the time the child will reside in the location;

(10) has volunteered services at a public school (as defined in IC 20-18-2-15) or nonpublic school (as defined in IC 20-18-2-12) that involve contact with, care of, or supervision over a student enrolled in the school;

(11) is being investigated for welfare fraud by an investigator of the division of family resources or a county office of family and children;

(12) is being sought by the parent locator service of the child support bureau of the ~~division~~ department of ~~family and children~~; child services;

(13) is or was required to register as a sex ~~and~~ or violent offender under ~~IC 5-2-12~~ IC 11-8-8; or

(14) has been convicted of any of the following:

(A) Rape (IC 35-42-4-1), if the victim is less than eighteen (18) years of age.

(B) Criminal deviate conduct (IC 35-42-4-2), if the victim is less than eighteen (18) years of age.

(C) Child molesting (IC 35-42-4-3).

(D) Child exploitation (IC 35-42-4-4(b)).

(E) Possession of child pornography (IC 35-42-4-4(c)).

(F) Vicarious sexual gratification (IC 35-42-4-5).

(G) Child solicitation (IC 35-42-4-6).

(H) Child seduction (IC 35-42-4-7).

(I) Sexual misconduct with a minor as a felony (IC 35-42-4-9).

(J) Incest (IC 35-46-1-3), if the victim is less than eighteen (18) years of age.

However, limited criminal history information obtained from the National Crime Information Center may not be released under this section except to the extent permitted by the Attorney General of the United States.

(b) A law enforcement agency shall allow inspection of a limited criminal history by and release a limited criminal history to the following noncriminal justice organizations:

- (1) Federally chartered or insured banking institutions.
- (2) Officials of state and local government for any of the

following purposes:

- (A) Employment with a state or local governmental entity.
- (B) Licensing.

(3) Segments of the securities industry identified under 15 U.S.C. 78q(f)(2).

(c) Any person who **knowingly or intentionally** uses limited criminal history for any purpose not specified under this section commits a Class A misdemeanor.

SECTION 6. IC 10-13-3-30, AS AMENDED BY P.L.173-2006, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 30. (a) Except as provided in subsection (c), on request for release or inspection of a limited criminal history, law enforcement agencies may, if the agency has complied with the reporting requirements in section 24 of this chapter, and the department shall do the following:

- (1) Require a form, provided by law enforcement agencies and the department, to be completed. The form shall be maintained for two (2) years and shall be available to the record subject upon request.
- (2) Collect a three dollar (\$3) fee to defray the cost of processing a request for inspection.
- (3) Collect a seven dollar (\$7) fee to defray the cost of processing a request for release. However, law enforcement agencies and the department may not charge the fee for requests received from the parent locator service of the child support bureau of the department of child services.

(b) Law enforcement agencies and the department shall edit information so that the only information released or inspected is information that:

- (1) has been requested; and
- (2) is limited criminal history information.

(c) The fee required under subsection (a) shall be waived if the request relates to the **registration of sex or violent offenders under IC 11-8-8 or the Indiana sex and violent offender registry under ~~IC 11-8-8~~ IC 36-2-13-5.5** or concerns a person required to register as a sex **or violent** offender under IC 11-8-8.

SECTION 7. IC 10-13-4-4, AS AMENDED BY P.L.173-2006, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. As used in this chapter, "juvenile history data" means information collected by criminal or juvenile justice agencies or individuals about a child who is alleged to have committed a reportable act and consists of the following:

- (1) Descriptions and notations of events leading to the taking of the child into custody by a juvenile justice agency for a reportable act allegedly committed by the child.
- (2) A petition alleging that the child is a delinquent child.
- (3) Dispositional decrees concerning the child that are entered under IC 31-37-19 (or IC 31-6-4-15.9 before its repeal).
- (4) The findings of a court determined after a hearing is held under IC 31-37-20-2 or IC 31-37-20-3 (or IC 31-6-4-19(h) or IC 31-6-4-19(i) before their repeal) concerning the child.
- (5) Information:
 - (A) regarding a child who has been adjudicated a delinquent child for committing an act that would be an offense described in IC 11-8-8-5 if committed by an adult; and
 - (B) that is obtained through sex **or violent** offender

registration under IC 11-8-8.

SECTION 8. IC 11-8-2-12.4, AS ADDED BY P.L.173-2006, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12.4. The department shall do the following:

- (1) Maintain the Indiana sex **and violent** offender registry established under IC 36-2-13-5.5. **The department shall ensure that a sex offender's Social Security number remains unavailable to the public.**
- (2) Prescribe and approve a format for sex **or violent** offender registration as required by IC 11-8-8.
- (3) Provide:
 - (A) judges;
 - (B) law enforcement officials;
 - (C) prosecuting attorneys;
 - (D) parole officers;
 - (E) probation officers; and
 - (F) community corrections officials;
 with information and training concerning the requirements of IC 11-8-8 and the use of the Indiana sex **and violent** offender registry.
- (4) Upon request of a neighborhood association:
 - (A) transmit to the neighborhood association information concerning sex **or violent** offenders who reside near the location of the neighborhood association; or
 - (B) provide instructional materials concerning the use of the Indiana sex **and violent** offender registry to the neighborhood association.
- (5) **Maintain records on every sex or violent offender who:**
 - (A) **is incarcerated;**
 - (B) **has relocated out of state; and**
 - (C) **is no longer required to register due to the expiration of the sex or violent offender's registration period.**

SECTION 9. IC 11-8-2-13, AS ADDED BY P.L.173-2006, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13. (a) The Indiana sex **and violent** offender registry established under IC 36-2-13-5.5 and maintained by the department under section 12.4 of this chapter must include the names of each offender who is or has been required to register under IC 11-8-8.

(b) The department shall do the following:

- (1) Ensure that the Indiana sex **and violent** offender registry is updated at least once per day with information provided by a local law enforcement authority (as defined in IC 11-8-8-2).
- (2) Publish the Indiana sex **and violent** offender registry on the Internet through the computer gateway administered by the office of technology established by IC 4-13.1-2-1, and ensure that the Indiana sex **and violent** offender registry displays the following or similar words:

"Based on information submitted to law enforcement, a person whose name appears in this registry has been convicted of a sex **or violent** offense or has been adjudicated a delinquent child for an act that would be a sex **or violent** offense if committed by an adult."

SECTION 10. IC 11-8-8-3, AS ADDED BY P.L.173-2006, SECTION 13, IS AMENDED TO READ AS FOLLOWS

[EFFECTIVE JULY 1, 2007]: Sec. 3. As used in this chapter, "principal residence" means the residence where a sex or violent offender spends the most time. The term includes a residence owned or leased by another person if the sex or violent offender:

- (1) does not own or lease a residence; or
- (2) spends more time at the residence owned or leased by the other person than at the residence owned or leased by the sex or violent offender.

SECTION 11. IC 11-8-8-4, AS ADDED BY P.L.173-2006, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. As used in this chapter, "register" means to **provide report in person to** a local law enforcement authority **with and provide** the information required under section 8 of this chapter.

SECTION 12. IC 11-8-8-4.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4.5. (a) **Except as provided in section 22 of this chapter, as used in this chapter, "sex offender" means a person convicted of any of the following offenses:**

- (1) Rape (IC 35-42-4-1).
- (2) Criminal deviate conduct (IC 35-42-4-2).
- (3) Child molesting (IC 35-42-4-3).
- (4) Child exploitation (IC 35-42-4-4(b)).
- (5) Vicarious sexual gratification (including performing sexual conduct in the presence of a minor) (IC 35-42-4-5).
- (6) Child solicitation (IC 35-42-4-6).
- (7) Child seduction (IC 35-42-4-7).
- (8) Sexual misconduct with a minor as a Class A, Class B, or Class C felony (IC 35-42-4-9), unless:
 - (A) the person is convicted of sexual misconduct with a minor as a Class C felony;
 - (B) the person is not more than:
 - (i) four (4) years older than the victim if the offense was committed after June 30, 2007; or
 - (ii) five (5) years older than the victim if the offense was committed before July 1, 2007; and
 - (C) the sentencing court finds that the person should not be required to register as a sex offender.
- (9) Incest (IC 35-46-1-3).
- (10) Sexual battery (IC 35-42-4-8).
- (11) Kidnapping (IC 35-42-3-2), if the victim is less than eighteen (18) years of age, and the person who kidnapped the victim is not the victim's parent or guardian.
- (12) Criminal confinement (IC 35-42-3-3), if the victim is less than eighteen (18) years of age, and the person who confined or removed the victim is not the victim's parent or guardian.
- (13) Possession of child pornography (IC 35-42-4-4(c)).
- (14) Promoting prostitution (IC 35-45-4-4) as a Class B felony.
- (15) Promotion of human trafficking (IC 35-42-3.5-1(a)(2)) if the victim is less than eighteen (18) years of age.
- (16) Sexual trafficking of a minor (IC 35-42-3.5-1(b)).
- (17) Human trafficking (IC 35-42-3.5-1(c)(3)) if the victim is less than eighteen (18) years of age.
- (18) An attempt or conspiracy to commit a crime listed in

subdivisions (1) through (17).

(19) **A crime under the laws of another jurisdiction, including a military court, that is substantially equivalent to any of the offenses listed in subdivisions (1) through (18).**

(b) **The term includes:**

(1) **a person who is required to register as a sex offender in any jurisdiction; and**

(2) **a child who has committed a delinquent act and who:**

(A) **is at least fourteen (14) years of age;**

(B) **is on probation, is on parole, is discharged from a facility by the department of correction, is discharged from a secure private facility (as defined in IC 31-9-2-115), or is discharged from a juvenile detention facility as a result of an adjudication as a delinquent child for an act that would be an offense described in subsection (a) if committed by an adult; and**

(C) **is found by a court by clear and convincing evidence to be likely to repeat an act that would be an offense described in subsection (a) if committed by an adult.**

(c) **In making a determination under subsection (b)(2)(C), the court shall consider expert testimony concerning whether a child is likely to repeat an act that would be an offense described in subsection (a) if committed by an adult.**

SECTION 13. IC 11-8-8-5, AS ADDED BY P.L.173-2006, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) **Except as provided in section 22 of this chapter, as used in this chapter, "sex or violent offender" means a person convicted of any of the following offenses:**

- (1) Rape (IC 35-42-4-1).
- (2) Criminal deviate conduct (IC 35-42-4-2).
- (3) Child molesting (IC 35-42-4-3).
- (4) Child exploitation (IC 35-42-4-4(b)).
- (5) Vicarious sexual gratification (including performing sexual conduct in the presence of a minor) (IC 35-42-4-5).
- (6) Child solicitation (IC 35-42-4-6).
- (7) Child seduction (IC 35-42-4-7).
- (8) Sexual misconduct with a minor as a Class A, Class B, or Class C felony (IC 35-42-4-9), unless:
 - (A) **the person is convicted of sexual misconduct with a minor as a Class C felony;**
 - (B) **the person is not more than:**
 - (i) **four (4) years older than the victim if the offense was committed after June 30, 2007; or**
 - (ii) **five (5) years older than the victim if the offense was committed before July 1, 2007; and**
 - (C) **the sentencing court finds that the person should not be required to register as a sex offender.**
- (9) Incest (IC 35-46-1-3).
- (10) Sexual battery (IC 35-42-4-8).
- (11) Kidnapping (IC 35-42-3-2), if the victim is less than eighteen (18) years of age, **and the person who kidnapped the victim is not the victim's parent or guardian.**
- (12) Criminal confinement (IC 35-42-3-3), if the victim is less than eighteen (18) years of age, **and the person who**

confined or removed the victim is not the victim's parent or guardian.

(13) Possession of child pornography (IC 35-42-4-4(c)), if the person has a prior unrelated conviction for possession of child pornography (~~IC 35-42-4-4(c)~~).

(14) Promoting prostitution (IC 35-45-4-4) as a Class B felony.

(15) Promotion of human trafficking (IC 35-42-3.5-1(a)(2)) if the victim is less than eighteen (18) years of age.

(16) Sexual trafficking of a minor (IC 35-42-3.5-1(b)).

(17) Human trafficking (IC 35-42-3.5-1(c)(3)) if the victim is less than eighteen (18) years of age.

(18) Murder (IC 35-42-1-1).

(19) Voluntary manslaughter (IC 35-42-1-3).

~~(14)~~ **(20)** An attempt or conspiracy to commit a crime listed in subdivisions (1) through ~~(13)~~: **(19)**.

~~(15)~~ **(21)** A crime under the laws of another jurisdiction, including a military court, that is substantially equivalent to any of the offenses listed in subdivisions (1) through ~~(14)~~: **(20)**.

(b) The term includes:

(1) a person who is required to register as a sex **or violent** offender in any jurisdiction; and

(2) a child who has committed a delinquent act and who:

(A) is at least fourteen (14) years of age;

(B) is on probation, is on parole, is discharged from a facility by the department of correction, is discharged from a secure private facility (as defined in IC 31-9-2-115), or is discharged from a juvenile detention facility as a result of an adjudication as a delinquent child for an act that would be an offense described in subsection (a) if committed by an adult; and

(C) is found by a court by clear and convincing evidence to be likely to repeat an act that would be an offense described in subsection (a) if committed by an adult.

(c) In making a determination under subsection (b)(2)(C), the court shall consider expert testimony concerning whether a child is likely to repeat an act that would be an offense described in subsection (a) if committed by an adult.

SECTION 14. IC 11-8-8-5.2 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 5.2. As used in this chapter, "sex offense" means an offense listed in section 4.5(a) of this chapter.**

SECTION 15. IC 11-8-8-7, AS AMENDED BY SEA 562-2007, SECTION 151, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 7. (a) Subject to section 19 of this chapter, the following persons must register under this chapter:**

(1) A sex **or violent** offender who resides in Indiana. A sex **or violent** offender resides in Indiana if either of the following applies:

(A) The sex **or violent** offender spends or intends to spend at least seven (7) days (including part of a day) in Indiana during a one hundred eighty (180) day period.

(B) The sex **or violent** offender owns real property in Indiana and returns to Indiana at any time.

(2) A sex **or violent** offender who works or carries on a

vocation or intends to work or carry on a vocation full-time or part-time for a period:

(A) exceeding ~~fourteen (14)~~ **seven (7)** consecutive days; or

(B) for a total period exceeding ~~thirty (30)~~ **fourteen (14)** days;

during any calendar year in Indiana **regardless of** whether the sex **or violent** offender is financially compensated, volunteered, or is acting for the purpose of government or educational benefit.

(3) A sex **or violent** offender who is enrolled or intends to be enrolled on a full-time or part-time basis in any public or private educational institution, including any secondary school, trade, or professional institution, or postsecondary educational institution.

(b) Except as provided in subsection (e), a sex **or violent** offender who resides in Indiana shall register with the local law enforcement authority in the county where the sex **or violent** offender resides. If a sex **or violent** offender resides in more than one (1) county, the sex **or violent** offender shall register with the local law enforcement authority in each county in which the sex **or violent** offender resides. If the sex **or violent** offender is also required to register under subsection (a)(2) or (a)(3), the sex **or violent** offender shall also register with the local law enforcement authority in the county in which the offender is required to register under subsection (c) or (d).

(c) A sex **or violent** offender described in subsection (a)(2) shall register with the local law enforcement authority in the county where the sex **or violent** offender is or intends to be employed or carry on a vocation. If a sex **or violent** offender is or intends to be employed or carry on a vocation in more than one (1) county, the sex **or violent** offender shall register with the local law enforcement authority in each county. If the sex **or violent** offender is also required to register under subsection (a)(1) or (a)(3), the sex **or violent** offender shall also register with the local law enforcement authority in the county in which the offender is required to register under subsection (b) or (d).

(d) A sex **or violent** offender described in subsection (a)(3) shall register with the local law enforcement authority in the county where the sex **or violent** offender is enrolled or intends to be enrolled as a student. If the sex **or violent** offender is also required to register under subsection (a)(1) or (a)(2), the sex **or violent** offender shall also register with the local law enforcement authority in the county in which the offender is required to register under subsection (b) or (c).

(e) A sex **or violent** offender described in subsection (a)(1)(B) shall register with the local law enforcement authority in the county in which the real property is located. If the sex **or violent** offender is also required to register under subsection (a)(1)(A), (a)(2), or (a)(3), the sex **or violent** offender shall also register with the local law enforcement authority in the county in which the offender is required to register under subsection (b), (c), or (d).

(f) A sex **or violent** offender committed to the department shall register with the department before the sex **or violent** offender is released from incarceration. The department shall forward the sex **or violent** offender's registration information to the local law enforcement authority of every county in which the sex **or violent**

offender is required to register.

(g) This subsection does not apply to a sex **or violent** offender who is a sexually violent predator. A sex **or violent** offender not committed to the department shall register not more than seven (7) days after the sex **or violent** offender:

- (1) is released from a penal facility (as defined in IC 35-41-1-21);
- (2) is released from a secure private facility (as defined in IC 31-9-2-115);
- (3) is released from a juvenile detention facility;
- (4) is transferred to a community transition program;
- (5) is placed on parole;
- (6) is placed on probation;
- (7) is placed on home detention; or
- (8) arrives at the place where the sex **or violent** offender is required to register under subsection (b), (c), or (d);

whichever occurs first. A sex **or violent** offender required to register in more than one (1) county under subsection (b), (c), (d), or (e) shall register in each appropriate county not more than seventy-two (72) hours after the sex **or violent** offender's arrival in that county or acquisition of real estate in that county.

(h) This subsection applies to a sex **or violent** offender who is a sexually violent predator. A sex **or violent** offender who is a sexually violent predator shall register not more than seventy-two (72) hours after the sex **or violent** offender:

- (1) is released from a penal facility (as defined in IC 35-41-1-21);
- (2) is released from a secure private facility (as defined in IC 31-9-2-115);
- (3) is released from a juvenile detention facility;
- (4) is transferred to a community transition program;
- (5) is placed on parole;
- (6) is placed on probation;
- (7) is placed on home detention; or
- (8) arrives at the place where the sexually violent predator is required to register under subsection (b), (c), or (d);

whichever occurs first. A sex **or violent** offender who is a sexually violent predator required to register in more than one (1) county under subsection (b), (c), (d), or (e) shall register in each appropriate county not more than seventy-two (72) hours after the offender's arrival in that county or acquisition of real estate in that county.

(i) The local law enforcement authority with whom a sex **or violent** offender registers under this section shall make and publish a photograph of the sex **or violent** offender on the Indiana sex **and violent** offender registry web site established under IC 36-2-13-5.5. The local law enforcement authority shall make a photograph of the sex **or violent** offender that complies with the requirements of IC 36-2-13-5.5 at least once per year. The sheriff of a county containing a consolidated city shall provide the police chief of the consolidated city with all photographic and computer equipment necessary to enable the police chief of the consolidated city to transmit sex **or violent** offender photographs (and other identifying information required by IC 36-2-13-5.5) to the Indiana sex **and violent** offender registry web site established under IC 36-2-13-5.5. In addition, the sheriff of a county containing a consolidated city shall provide all funding for the county's financial obligation for the

establishment and maintenance of the Indiana sex **and violent** offender registry web site established under IC 36-2-13-5.5.

(j) When a sex **or violent** offender registers, the local law enforcement authority shall:

- (1) immediately update the Indiana sex **and violent** offender registry web site established under IC 36-2-13-5.5; ~~and~~
- (2) notify every law enforcement agency having jurisdiction in the county where the sex **or violent** offender resides; **and**
- (3) **update the National Crime Information Center National Sex Offender Registry data base via the Indiana data and communications system (IDACS).**

~~The local law enforcement authority shall provide the department and a law enforcement agency described in subdivision (2) with the information provided by the sex offender during registration. When a sex or violent offender from a jurisdiction outside Indiana registers a change of address, employment, vocation, or enrollment in Indiana, the local law enforcement authority shall provide the department with the information provided by the sex or violent offender during registration.~~

SECTION 16. IC 11-8-8-8, AS ADDED BY P.L.173-2006, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. The registration required under this chapter must include the following information:

- (1) The sex **or violent** offender's full name, alias, any name by which the sex **or violent** offender was previously known, date of birth, sex, race, height, weight, hair color, eye color, any scars, marks, or tattoos, Social Security number, driver's license number or state identification card number, **vehicle description and vehicle plate number for any vehicle the sex or violent offender owns or operates on a regular basis**, principal residence address, **other address where the sex or violent offender spends more than seven (7) nights in a fourteen (14) day period**, and mailing address, if different from the sex **or violent** offender's principal residence address.
- (2) A description of the offense for which the sex **or violent** offender was convicted, the date of conviction, the county of the conviction, the cause number of the conviction, and the sentence imposed, if applicable.
- (3) If the person is required to register under section 7(a)(2) or 7(a)(3) of this chapter, the name and address of each of the sex **or violent** offender's employers in Indiana, the name and address of each campus or location where the sex **or violent** offender is enrolled in school in Indiana, and the address where the sex **or violent** offender stays or intends to stay while in Indiana.
- (4) A recent photograph of the sex **or violent** offender.
- (5) If the sex **or violent** offender is a sexually violent predator, that the sex **or violent** offender is a sexually violent predator.
- (6) If the sex **or violent** offender is required to register for life, that the sex **or violent** offender is required to register for life.
- (7) Any other information required by the department.

SECTION 17. IC 11-8-8-9, AS ADDED BY P.L.173-2006, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) Not more than seven (7)

days before an Indiana sex **or violent** offender who is required to register under this chapter is scheduled to be released from a secure private facility (as defined in IC 31-9-2-115), or released from a juvenile detention facility, an official of the facility shall do the following:

- (1) Orally inform the sex **or violent** offender of the sex **or violent** offender's duty to register under this chapter and require the sex **or violent** offender to sign a written statement that the sex **or violent** offender was orally informed or, if the sex **or violent** offender refuses to sign the statement, certify that the sex **or violent** offender was orally informed of the duty to register.
 - (2) Deliver a form advising the sex **or violent** offender of the sex **or violent** offender's duty to register under this chapter and require the sex **or violent** offender to sign a written statement that the sex **or violent** offender received the written notice or, if the sex **or violent** offender refuses to sign the statement, certify that the sex **or violent** offender was given the written notice of the duty to register.
 - (3) Obtain the address where the sex **or violent** offender expects to reside after the sex **or violent** offender's release.
 - (4) Transmit to the local law enforcement authority in the county where the sex **or violent** offender expects to reside the sex **or violent** offender's name, date of release or transfer, new address, and the offense or delinquent act committed by the sex **or violent** offender.
- (b) Not more than seventy-two (72) hours after a sex **or violent** offender who is required to register under this chapter is released or transferred as described in subsection (a), an official of the facility shall transmit to the state police the following:
- (1) The sex **or violent** offender's fingerprints, photograph, and identification factors.
 - (2) The address where the sex **or violent** offender expects to reside after the sex **or violent** offender's release.
 - (3) The complete criminal history data (as defined in IC 10-13-3-5) or, if the sex **or violent** offender committed a delinquent act, juvenile history data (as defined in IC 10-13-4-4) of the sex **or violent** offender.
 - (4) Information regarding the sex **or violent** offender's past treatment for mental disorders.
 - (5) Information as to whether the sex **or violent** offender has been determined to be a sexually violent predator.
- (c) This subsection applies if a sex **or violent** offender is placed on probation or in a community corrections program without being confined in a penal facility. The probation office serving the court in which the sex **or violent** offender is sentenced shall perform the duties required under subsections (a) and (b).
- (d) **For any sex or violent offender who is not committed to the department, the probation office of the sentencing court shall transmit to the department a copy of the sex or violent offender's:**
- (1) **sentencing order;**
 - (2) **presentence investigation; and**
 - (3) **any other information required by the department to make a determination concerning sex or violent offender registration.**

SECTION 18. IC 11-8-8-10, AS ADDED BY P.L.173-2006,

SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. Notwithstanding any other law, upon receiving a sex **or violent** offender's fingerprints from a correctional facility, the state police shall immediately send the fingerprints to the Federal Bureau of Investigation.

SECTION 19. IC 11-8-8-11, AS ADDED BY P.L.173-2006, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 11. (a) If a sex **or violent** offender who is required to register under this chapter changes:

- (1) principal residence address; or
- (2) if section 7(a)(2) or 7(a)(3) of this chapter applies, the place where the sex **or violent** offender stays in Indiana;

the sex **or violent** offender shall ~~register not more than seventy-two (72) hours after the address change with the local law enforcement authority with whom the sex offender last registered:~~ **report in person to the local law enforcement authority having jurisdiction over the sex or violent offender's current principal address or location and, if the offender moves to a new county in Indiana, to the local law enforcement authority having jurisdiction over the sex or violent offender's new principal address or location not more than seventy-two (72) hours after the address change.**

(b) If a sex **or violent** offender moves to a new county in Indiana, the local law enforcement authority ~~referred to in subsection (a) where the sex or violent offender's current principal residence address is located~~ shall inform the local law enforcement authority in the new county in Indiana of the sex **or violent** offender's residence and forward all relevant registration information concerning the sex **or violent** offender to the local law enforcement authority in the new county. The local law enforcement authority receiving notice under this subsection shall verify the address of the sex **or violent** offender under section 13 of this chapter not more than seven (7) days after receiving the notice.

(c) If a sex **or violent** offender who is required to register under section 7(a)(2) or 7(a)(3) of this chapter changes the sex **or violent** offender's principal place of employment, principal place of vocation, or campus or location where the sex **or violent** offender is enrolled in school, the sex **or violent** offender shall ~~register not more than seventy-two (72) hours after the change with the local law enforcement authority with whom the sex offender last registered:~~ **report in person:**

- (1) **to the local law enforcement authority having jurisdiction over the sex or violent offender's current principal place of employment, principal place of vocation, or campus or location where the sex or violent offender is enrolled in school; and**
- (2) **if the sex or violent offender changes the sex or violent offender's place of employment, vocation, or enrollment to a new county in Indiana, to the local law enforcement authority having jurisdiction over the sex or violent offender's new principal place of employment, principal place of vocation, or campus or location where the sex or violent offender is enrolled in school;**

not more than seventy-two (72) hours after the change.

(d) If a sex **or violent** offender moves the sex **or violent** offender's place of employment, vocation, or enrollment to a new county in Indiana, the local law enforcement authority ~~referred to in subsection (c) having jurisdiction over the sex or violent~~

offender's current principal place of employment, principal place of vocation, or campus or location where the sex or violent offender is enrolled in school shall inform the local law enforcement authority in the new county of the sex or violent offender's new principal place of employment, vocation, or enrollment by forwarding relevant registration information to the local law enforcement authority in the new county.

(e) If a sex or violent offender moves the sex or violent offender's residence, place of employment, vocation, or enrollment to a new state, the local law enforcement authority shall inform the state police in the new state of the sex or violent offender's new place of residence, employment, **vocation**, or enrollment.

(f) A local law enforcement authority shall make registration information, including information concerning the duty to register and the penalty for failing to register, available to a sex or violent offender.

(g) A local law enforcement authority who is notified of a change under subsection (a) or (c) shall:

- (1) immediately update the Indiana sex and violent offender registry web site established under IC 36-2-13-5.5;
- (2) update the National Crime Information Center National Sex Offender Registry data base via the Indiana data and communications system (IDACS); and
- (3) notify the department.

(h) If a sex or violent offender who is registered with a local law enforcement authority becomes incarcerated, the local law enforcement authority shall transmit a copy of the information provided by the sex or violent offender during registration to the department.

(i) If a sex or violent offender is no longer required to register due to the expiration of the registration period, the local law enforcement authority shall transmit a copy of the information provided by the sex or violent offender during registration to the department.

SECTION 20. IC 11-8-8-12, AS ADDED BY P.L.173-2006, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. (a) As used in this section, "temporary residence" means a residence:

- (1) that is established to provide transitional housing for a person without another residence; and
- (2) in which a person is not typically permitted to reside for more than thirty (30) days in a sixty (60) day period.

(b) This section applies only to a sex or violent offender who resides in a temporary residence. In addition to the other requirements of this chapter, a sex or violent offender who resides in a temporary residence shall register in person with the local law enforcement authority in which the temporary residence is located:

- (1) not more than seventy-two (72) hours after the sex or violent offender moves into the temporary residence; and
- (2) during the period in which the sex or violent offender resides in a temporary residence, at least once every seven (7) days following the sex or violent offender's initial registration under subdivision (1).

(c) A sex or violent offender who does not have a principal residence or temporary residence shall report in person to the local law enforcement authority in the county where the sex or violent offender resides at least once every seven (7) days to report an address for the location where the sex or violent

offender will stay during the time in which the sex or violent offender lacks a principal address or temporary residence.

(~~ε~~) (d) A sex or violent offender's obligation to register in person once every seven (7) days terminates when the sex or violent offender no longer resides in the temporary residence or location described in subsection (c). However, all other requirements imposed on a sex or violent offender by this chapter continue in force, including the requirement that a sex or violent offender register the sex or violent offender's new address with the local law enforcement authority.

SECTION 21. IC 11-8-8-13, AS ADDED BY P.L.173-2006, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13. (a) To verify a sex or violent offender's current residence, the local law enforcement authority having jurisdiction over the area of the sex or violent offender's current principal address or location shall do the following:

(1) Mail a reply form that is approved or prescribed by the department to each sex or violent offender in the county at the sex or violent offender's listed address at least one (1) time per year, beginning seven (7) days after the local law enforcement authority receives a notice under section 11 or 20 of this chapter or the date the sex or violent offender is:

- (A) released from a penal facility (as defined in IC 35-41-1-21), a secure private facility (as defined in IC 31-9-2-115), or a juvenile detention facility;
- (B) placed in a community transition program;
- (C) placed in a community corrections program;
- (D) placed on parole; or
- (E) placed on probation;

whichever occurs first.

(2) Mail a reply form that is approved or prescribed by the department to each sex or violent offender who is designated a sexually violent predator under IC 35-38-1-7.5 at least once every ninety (90) days, beginning seven (7) days after the local law enforcement authority receives a notice under section 11 or 20 of this chapter or the date the sex or violent offender is:

- (A) released from a penal facility (as defined in IC 35-41-1-21), a secure private facility (as defined in IC 31-9-2-115), or a juvenile detention facility;
- (B) placed in a community transition program;
- (C) placed in a community corrections program;
- (D) placed on parole; or
- (E) placed on probation;

whichever occurs first.

(3) Personally visit each sex or violent offender in the county at the sex or violent offender's listed address at least one (1) time per year, beginning seven (7) days after the local law enforcement authority receives a notice under section 7 of this chapter or the date the sex or violent offender is:

- (A) released from a penal facility (as defined in IC 35-41-1-21), a secure private facility (as defined in IC 31-9-2-115), or a juvenile detention facility;
- (B) placed in a community transition program;
- (C) placed in a community corrections program;
- (D) placed on parole; or

(E) placed on probation;
whichever occurs first.

(4) Personally visit each sex **or violent** offender who is designated a sexually violent predator under IC 35-38-1-7.5 at least once every ninety (90) days, beginning seven (7) days after the local law enforcement authority receives a notice under section 7 of this chapter or the date the sex **or violent** offender is:

- (A) released from a penal facility (as defined in IC 35-41-1-21), a secure private facility (as defined in IC 31-9-2-115), or a juvenile detention facility;
- (B) placed in a community transition program;
- (C) placed in a community corrections program;
- (D) placed on parole; or
- (E) placed on probation;

whichever occurs first.

(b) If a sex **or violent** offender fails to return a signed ~~reply~~ form either by mail or in person, not later than fourteen (14) days after mailing, or appears not to reside at the listed address, the local law enforcement authority shall immediately notify the department and the prosecuting attorney.

SECTION 22. IC 11-8-8-14, AS ADDED BY P.L.173-2006, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. **(a) This subsection does not apply to a sex or violent offender who is a sexually violent predator. In addition to the other requirements of this chapter, At least once per calendar year, a sex or violent offender who is required to register under this chapter shall, at least one (1) time per calendar year:**

- (1) report in person to the local law enforcement authority;
- (2) register; and
- (3) be photographed by the local law enforcement authority;

in each location where the offender is required to register.

(b) This subsection applies to a sex or violent offender who is a sexually violent predator. In addition to the other requirements of this chapter, a sex or violent offender who is a sexually violent predator under IC 35-38-1-7.5 shall:

- (1) report in person to the local law enforcement authority;
- (2) register; and
- (3) be photographed by the local law enforcement authority in each location where the sex or violent offender is required to register;

every ninety (90) days.

(c) Each time a sex or violent offender who claims to be working or attending school registers in person, the sex or violent offender shall provide documentation to the local law enforcement authority providing evidence that the sex or violent offender is still working or attending school at the registered location.

SECTION 23. IC 11-8-8-15, AS ADDED BY P.L.173-2006, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15. (a) A sex **or violent** offender who is a resident of Indiana shall obtain and keep in the sex **or violent** offender's possession:

- (1) a valid Indiana driver's license; or
- (2) a valid Indiana identification card (as described in IC 9-24-16).

(b) A sex **or violent** offender required to register in Indiana who is not a resident of Indiana shall obtain and keep in the sex **or violent** offender's possession:

- (1) a valid driver's license issued by the state in which the sex **or violent** offender resides; or
- (2) a valid state issued identification card issued by the state in which the sex **or violent** offender resides.

(c) A person who knowingly or intentionally violates this section commits failure of a sex **or violent** offender to possess identification, a Class A misdemeanor. However, the offense is a Class D felony if the person:

- (1) is a sexually violent predator; or
- (2) has a prior unrelated conviction:
 - (A) under this section; or
 - (B) based on the person's failure to comply with any requirement imposed on an offender under this chapter.

(d) It is a defense to a prosecution under this section that:

- (1) the person has been unable to obtain a valid driver's license or state issued identification card because less than thirty (30) days have passed since the person's release from incarceration; or
- (2) the person possesses a driver's license or state issued identification card that expired not more than thirty (30) days before the date the person violated subsection (a) or (b).

SECTION 24. IC 11-8-8-16, AS ADDED BY P.L.173-2006, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 16. (a) A sex **or violent** offender who is required to register under this chapter may not petition for a change of name under IC 34-28-2.

(b) If a sex **or violent** offender who is required to register under this chapter changes the sex **or violent** offender's name due to marriage, the sex **or violent** offender must register with the local law enforcement authority not more than seven (7) days after the name change.

SECTION 25. IC 11-8-8-17, AS ADDED BY P.L.173-2006, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 17. (a) A sex **or violent** offender who knowingly or intentionally:

- (1) fails to register when required to register under this chapter;
- (2) fails to register in every location where the sex **or violent** offender is required to register under this chapter;
- (3) makes a material misstatement or omission while registering as a sex **or violent** offender under this chapter; or
- (4) fails to register in person ~~and be photographed at least one~~ ~~(1) time per year~~ as required under this chapter; or
- (5) ~~does not reside at the sex or violent offender's registered address or location;~~

commits a Class D felony.

(b) ~~However,~~ The offense described in subsection (a) is a Class C felony if the sex **or violent** offender has a prior unrelated conviction for an offense:

- (1) under this section; or
- (2) based on the person's failure to comply with any requirement imposed on a sex **or violent** offender under this chapter **or under IC 5-2-12 before its repeal.**

(c) It is not a defense to a prosecution under this section that

the sex or violent offender was unable to pay the sex or violent offender registration fee or the sex or violent offender address change fee described under IC 36-2-13-5.6.

SECTION 26. IC 11-8-8-18, AS ADDED BY P.L.173-2006, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 18. (a) A sexually violent predator who will be absent from the sexually violent predator's principal residence for more than seventy-two (72) hours shall inform the local law enforcement authority **in the county where the sexually violent predator's principal address is located, in person, or in writing**, of the following:

- (1) That the sexually violent predator will be absent from the sexually violent predator's principal residence for more than seventy-two (72) hours.
- (2) The location where the sexually violent predator will be located during the absence from the sexually violent predator's principal residence.
- (3) The length of time the sexually violent predator will be absent from the sexually violent predator's principal residence.

(b) A sexually violent predator who will spend more than seventy-two (72) hours in a county in which the sexually violent predator is not required to register shall inform the local law enforcement authority in the county in which the sexually violent predator is not required to register, in person, ~~or in writing~~, of the following:

- (1) That the sexually violent predator will spend more than seventy-two (72) hours in the county.
- (2) The location where the sexually violent predator will be located while spending time in the county.
- (3) The length of time the sexually violent predator will remain in the county.

Upon request of the local law enforcement authority of the county in which the sexually violent predator is not required to register, the sexually violent predator shall provide the local law enforcement authority with any additional information that will assist the local law enforcement authority in determining the sexually violent predator's whereabouts during the sexually violent predator's stay in the county.

(c) A sexually violent predator who knowingly or intentionally violates this section commits failure to notify, a Class A misdemeanor. However, the offense is a Class D felony if the person has a prior unrelated conviction under this section based on the person's failure to comply with any requirement imposed on a sex **or violent** offender under this chapter.

SECTION 27. IC 11-8-8-19, AS ADDED BY P.L.173-2006, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 19. (a) Except as provided in subsections (b) through (e), a sex **or violent** offender is required to register under this chapter until the expiration of ten (10) years after the date the sex **or violent** offender:

- (1) is released from a penal facility (as defined in IC 35-41-1-21) or a secure juvenile detention facility of a state or another jurisdiction;
- (2) is placed in a community transition program;
- (3) is placed in a community corrections program;
- (4) is placed on parole; or
- (5) is placed on probation;

whichever occurs last. The department shall ensure that an offender who is no longer required to register as a sex **or violent** offender is notified that the obligation to register has expired.

(b) A sex **or violent** offender who is a sexually violent predator is required to register for life.

(c) A sex **or violent** offender who is convicted of at least one (1) **sex offense under section 5(a) of this chapter** that the sex **or violent** offender committed:

- (1) when the person was at least eighteen (18) years of age; and
- (2) against a victim who was less than twelve (12) years of age at the time of the crime;

is required to register for life.

(d) A sex **or violent** offender who is convicted of at least one (1) **sex offense under section 5(a) of this chapter** in which the sex offender:

- (1) proximately caused serious bodily injury or death to the victim;
- (2) used force or the threat of force against the victim or a member of the victim's family, **unless the offense is sexual battery as a Class D felony**; or
- (3) rendered the victim unconscious or otherwise incapable of giving voluntary consent;

is required to register for life.

(e) A sex **or violent** offender who is convicted of at least two (2) unrelated **sex offenses under section 5(a) of this chapter** is required to register for life.

(f) A person who is required to register as a sex or violent offender in any jurisdiction shall register for the period required by the other jurisdiction or the period described in this section, whichever is longer.

SECTION 28. IC 11-8-8-20, AS ADDED BY P.L.173-2006, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 20. (a) The **governor department** may enter into a compact **or agreement** with one (1) or more jurisdictions outside Indiana to exchange notifications concerning the ~~release, transfer, or~~ change of address, employment, vocation, or enrollment of a sex **or violent** offender between Indiana and the other jurisdiction or the other jurisdiction and Indiana.

(b) The compact must provide for the designation of a state agency to coordinate the transfer of information:

(c) (b) If the state agency department receives information that a sex or violent offender has relocated to Indiana to reside, engage in employment or a vocation, or enroll in school, or that a sex or violent offender has been convicted in Indiana but not sentenced to the department, the state agency department shall inform in writing the local law enforcement authority where the sex offender is required to register in Indiana of: determine:

- (1) the sex offender's name, date of relocation, and new address; and
- (2) the sex offense or delinquent act committed by the sex offender.

(1) whether the person is defined as a:

(A) sex offender under IC 11-8-8-4.5; or

(B) sex or violent offender under IC 11-8-8-5;

(2) whether the person is a sexually violent predator under

IC 35-38-1-7.5;

(3) the period the person will be required to register as a sex or violent offender in Indiana; and

(4) any other matter required by law to make a registration determination.

(c) After the department has made a determination under subsection (b), the department shall update the sex and violent offender registry web site and transmit the department's determination to the local law enforcement authority having jurisdiction over the county where the sex or violent offender resides, is employed, and attends school. The department shall transmit:

(1) the sex or violent offender's name, date of relocation, new address (if applicable), the offense or delinquent act committed by the sex or violent offender, and any other available descriptive information;

(2) whether the sex or violent offender is a sexually violent predator;

(3) the period the sex or violent offender will be required to register in Indiana; and

(4) anything else required by law to make a registration determination.

(d) The state agency shall determine, following a hearing:

(1) whether a person convicted of an offense in another jurisdiction is required to register as a sex offender in Indiana;

(2) whether an out of state sex offender is a sexually violent predator; and

(3) the period in which an out of state sex offender who has moved to Indiana will be required to register as a sex offender in Indiana.

SECTION 29. IC 11-8-8-21 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 21.** (a) The state sex and violent offender administration fund is established to assist the department in carrying out its duties under IC 11-8-2-12.4 concerning the Indiana sex and violent offender registry. The fund shall be administered by the department.

(b) The expenses of administering the fund shall be paid from money in the fund.

(c) The fund consists of:

(1) grants;

(2) donations;

(3) appropriations;

(4) money from the annual sex or violent offender registration fee (IC 36-2-13-5.6(a)(1)(A)); and

(5) money from the sex or violent offender address change fee (IC 36-2-13-5.6(a)(1)(B)).

(d) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested.

(e) Money in the fund is continually appropriated to carry out the purposes of the fund.

SECTION 30. IC 11-8-8-22 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 22.** (a) As used in this section, "offender" means a sex offender (as defined in section 4.5 of this chapter) and a sex or violent offender (as defined in section 5 of this chapter).

(b) This section applies to an offender required to register under this chapter if, due to a change in federal or state law after June 30, 2007, an individual who engaged in the same conduct as the offender:

(1) would not be required to register under this chapter; or

(2) would be required to register under this chapter but under less restrictive conditions than the offender is required to meet.

(c) A person to whom this section applies may petition a court to:

(1) remove the person's designation as an offender; or

(2) require the person to register under less restrictive conditions.

(d) After receiving a petition under this section, the court may:

(1) summarily dismiss the petition; or

(2) give notice to the prosecuting attorney and set the matter for hearing.

(e) A court may grant a petition under this section if, following a hearing, the court makes the following findings:

(1) The law requiring the petitioner to register as an offender has changed since the date on which the petitioner was initially required to register.

(2) If the petitioner who was required to register as an offender before the change in law engaged in the same conduct after the change in law occurred, the petitioner would:

(A) not be required to register as an offender; or

(B) be required to register as an offender, but under less restrictive conditions.

(3) If the petitioner seeks relief under this section because a change in law makes a previously unavailable defense available to the petitioner, that the petitioner has proved the defense.

The court has the discretion to deny a petition under this section, even if the court makes the findings under this subsection.

(f) The petitioner has the burden of proof in a hearing under this section.

(g) If the court grants a petition under this section, the court shall notify:

(1) the victim of the offense, if applicable;

(2) the department of correction; and

(3) the local law enforcement authority of the county in which the petitioner resides.

SECTION 31. IC 11-13-3-4, AS AMENDED BY P.L.60-2006, SECTION 1, AS AMENDED BY P.L.139-2006, SECTION 2, AND AS AMENDED BY P.L.140-2006, SECTION 15 AND P.L.173-2006, SECTION 15, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 4.** (a) A condition to remaining on parole is that the parolee not commit a crime during the period of parole.

(b) The parole board may also adopt, under IC 4-22-2, additional conditions to remaining on parole and require a parolee to satisfy one (1) or more of these conditions. These conditions must be reasonably related to the parolee's successful reintegration into the community and not unduly restrictive of a fundamental

right.

(c) If a person is released on parole, the parolee shall be given a written statement of the conditions of parole. Signed copies of this statement shall be:

- (1) retained by the parolee;
- (2) forwarded to any person charged with the parolee's supervision; and
- (3) placed in the parolee's master file.

(d) The parole board may modify parole conditions if the parolee receives notice of that action and had ten (10) days after receipt of the notice to express the parolee's views on the proposed modification. This subsection does not apply to modification of parole conditions after a revocation proceeding under section 10 of this chapter.

(e) As a condition of parole, the parole board may require the parolee to reside in a particular parole area. In determining a parolee's residence requirement, the parole board shall:

- (1) consider:
 - (A) the residence of the parolee prior to the parolee's incarceration; and
 - (B) the parolee's place of employment; and
- (2) assign the parolee to reside in the county where the parolee resided prior to the parolee's incarceration unless assignment on this basis would be detrimental to the parolee's successful reintegration into the community.

(f) As a condition of parole, the parole board may require the parolee to:

- (1) periodically undergo a laboratory chemical test (as defined in IC 14-15-8-1) or series of tests to detect and confirm the presence of a controlled substance (as defined in IC 35-48-1-9); and
- (2) have the results of any test under this subsection reported to the parole board by the laboratory.

The parolee is responsible for any charges resulting from a test required under this subsection. However, a person's parole may not be revoked on the basis of the person's inability to pay for a test under this subsection.

(g) As a condition of parole, the parole board:

- (1) may require a parolee who is a sex ~~and violent~~ offender (as defined in ~~IC 5-2-12-4~~ ~~IC 11-8-8-5~~ **IC 11-8-8-4.5**) to:
 - (A) participate in a treatment program for sex offenders approved by the parole board; and
 - (B) avoid contact with any person who is less than sixteen (16) years of age unless the parolee:
 - (i) receives the parole board's approval; or
 - (ii) successfully completes the treatment program referred to in clause (A); and
- (2) shall:

(A) require a parolee who is ~~an~~ a sex **or violent** offender (as defined in ~~IC 5-2-12-4~~ ~~IC 11-8-8-5~~) to register with a ~~sheriff (or the police chief of a consolidated city)~~ local law enforcement authority under ~~IC 5-2-12-5~~ ~~IC 11-8-8~~;

(B) prohibit ~~the~~ a parolee who is a sex offender from residing within one thousand (1,000) feet of school property (as defined in IC 35-41-1-24.7) for the period of parole, *unless the sex offender obtains written approval from the parole board; and*

(C) prohibit a parolee who is ~~an~~ a sex offender convicted of a sex offense (as defined in IC 35-38-2-2.5) from residing within one (1) mile of the victim of the sex offender's sex offense *unless the sex offender obtains a waiver under IC 35-38-2-2.5; and*

(D) prohibit a parolee **who is a sex offender** from owning, operating, managing, being employed by, or volunteering at any attraction designed to be primarily enjoyed by children less than sixteen (16) years of age.

The parole board may not grant a sexually violent predator (as defined in IC 35-38-1-7.5) or a sex offender who is an offender against children under IC 35-42-4-11 a waiver under subdivision (2)(B) or (2)(C). If the parole board allows the sex offender to reside within one thousand (1,000) feet of school property under subdivision (2)(B), the parole board shall notify each school within one thousand (1,000) feet of the sex offender's residence of the order.

(h) The address of the victim of a parolee who is ~~an~~ a sex offender convicted of a sex offense (as defined in IC 35-38-2-2.5) is confidential, *even if the sex offender obtains a waiver under IC 35-38-2-2.5.*

(i) As a condition of parole, the parole board may require a parolee to participate in a reentry court program.

~~(j)~~ **(j)** *As a condition of parole, the parole board:*

(1) shall require a parolee who is a sexually violent predator under IC 35-38-1-7.5; and

*(2) may require a parolee who is a sex **or violent** offender (as defined in ~~IC 5-2-12-4~~; IC 11-8-8-5);*

to wear a monitoring device (as described in IC 35-38-2.5-3) that can transmit information twenty-four (24) hours each day regarding a person's precise location.

~~(k)~~ **(k)** *As a condition of parole, the parole board may prohibit, in accordance with ~~IC 35-38-2-2.5~~; IC 35-38-2-2.6, a parolee who has been convicted of stalking from residing within one thousand (1,000) feet of the residence of the victim of the stalking for a period that does not exceed five (5) years.*

SECTION 32. IC 11-13-4.5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) Except as provided in subsection (b), an Indiana offender on probation or parole who applies to be transferred out of state under the interstate compact for adult supervision shall pay an application fee of seventy-five dollars (\$75). The application fee shall be used to cover the costs of administering the interstate compact for adult offender supervision.

(b) An offender who has been found indigent by a trial court at the time the offender applies to be transferred out of state under the interstate compact for adult supervision may, at the court's discretion, be required to pay a lesser amount of the cost of the application fee under subsection (a).

(c) An Indiana offender who is on probation shall pay the application fee to the county probation department.

(d) An Indiana offender who is on parole shall pay the application fee to the department of correction.

(e) The application fee paid by an Indiana offender who is on probation shall be transferred to the county treasurer. The county treasurer shall deposit fifty percent (50%) of the money collected under this subsection into the county supplemental adult probation

services fund and shall transmit the remaining fifty percent (50%) of the money collected under this subsection to the Indiana judicial center for deposit in the general fund, to be used to cover the cost of administering the interstate compact for adult offender supervision.

(f) The executive director of the Indiana judicial center shall submit a proposed budget for expenditure of the money deposited in the general fund under this section to the budget agency in accordance with IC 4-12-1.

(g) The application fee paid by an Indiana offender who is on parole shall be deposited into the general fund to be used to cover the cost of administering the interstate compact for adult offender supervision.

(h) The commissioner of the department of correction shall submit a proposed budget for expenditure of the money deposited in the general fund under this section to the budget agency in accordance with IC 4-12-1.

(i) The judicial center and the department of correction shall develop a process to ensure that a sex or violent offender who transfers to or out of Indiana under the compact will be registered appropriately.

SECTION 33. IC 25-20.2-5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) An individual who applies for a license as a home inspector must do the following:

(1) Furnish evidence satisfactory to the board showing that the individual:

- (A) is at least eighteen (18) years of age;
- (B) has graduated from high school or earned an Indiana general educational development (GED) diploma; and
- (C) has not been:
 - (i) convicted of an act that would constitute a ground for disciplinary sanction under IC 25-1-11;
 - (ii) convicted of a crime that has a direct bearing on the individual's ability to perform competently and fully as a licensee;
 - (iii) listed on a national or state registry of sex **or violent** offenders; or
 - (iv) the subject of a disciplinary or enforcement action by another state or a local jurisdiction in connection with the performance of home inspections or the licensing or certification of home inspectors.

(2) Verify the information submitted on the application form.

(3) Complete a board approved training program or course of study involving the performance of home inspections and the preparation of home inspection reports and pass an examination prescribed or approved by the board.

(4) Submit to the board a certificate of insurance or other evidence of financial responsibility that is acceptable to the board and that:

- (A) is issued by an insurance company or other legal entity authorized to transact business in Indiana;
- (B) provides for general liability coverage of at least one hundred thousand dollars (\$100,000);
- (C) lists the state as an additional insured;
- (D) states that cancellation and nonrenewal of the underlying policy or other evidence of financial responsibility is not effective until the board receives at least ten (10) days prior written notice of the cancellation

or nonrenewal; and

(E) contains any other terms and conditions established by the board.

(5) Pay a licensing fee established by the board.

(b) An individual applying for a license as a home inspector must apply on a form prescribed and provided by the board.

SECTION 34. IC 31-19-11-1, AS AMENDED BY P.L.140-2006, SECTION 17 AND P.L.173-2006, SECTION 17, AND AS AMENDED BY P.L.145-2006, SECTION 253, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) Whenever the court has heard the evidence and finds that:

- (1) the adoption requested is in the best interest of the child;
- (2) the petitioner or petitioners for adoption are of sufficient ability to rear the child and furnish suitable support and education;
- (3) the report of the investigation and recommendation under IC 31-19-8-5 has been filed;
- (4) the attorney or agency arranging an adoption has filed with the court an affidavit prepared by the state department of health under IC 31-19-5-16 indicating whether a man is entitled to notice of the adoption because the man has registered with the putative father registry in accordance with IC 31-19-5;
- (5) proper notice arising under subdivision (4), if notice is necessary, of the adoption has been given;
- (6) the attorney or agency has filed with the court an affidavit prepared by the state department of health under:
 - (A) IC 31-19-6 indicating whether a record of a paternity determination; or
 - (B) IC 16-37-2-2(g) indicating whether a paternity affidavit executed under IC 16-37-2-2.1;
 has been filed in relation to the child;
- (7) proper consent, if consent is necessary, to the adoption has been given;
- (8) the petitioner for adoption is not prohibited from adopting the child as the result of an inappropriate criminal history described in subsection (c) or (d); and
- (9) the person, licensed child placing agency, or county office of family and children that has placed the child for adoption has provided the documents and other information required under IC 31-19-17 to the prospective adoptive parents;

the court shall grant the petition for adoption and enter an adoption decree.

(b) A court may not grant an adoption unless the *department's state department of health's* affidavit under IC 31-19-5-16 is filed with the court as provided under subsection (a)(4).

(c) A conviction of a felony or a misdemeanor related to the health and safety of a child by a petitioner for adoption is a permissible basis for the court to deny the petition for adoption. In addition, the court may not grant an adoption if a petitioner for adoption has been convicted of any of the felonies described as follows:

- (1) Murder (IC 35-42-1-1).
- (2) Causing suicide (IC 35-42-1-2).
- (3) Assisting suicide (IC 35-42-1-2.5).
- (4) Voluntary manslaughter (IC 35-42-1-3).

- (5) Reckless homicide (IC 35-42-1-5).
- (6) Battery as a felony (IC 35-42-2-1).
- (7) Aggravated battery (IC 35-42-2-1.5).
- (8) Kidnapping (IC 35-42-3-2).
- (9) Criminal confinement (IC 35-42-3-3).
- (10) A felony sex offense under IC 35-42-4.
- (11) Carjacking (IC 35-42-5-2).
- (12) Arson (IC 35-43-1-1).
- (13) Incest (IC 35-46-1-3).
- (14) Neglect of a dependent (IC 35-46-1-4(a)(1) and IC 35-46-1-4(a)(2)).
- (15) Child selling (IC 35-46-1-4(d)).
- (16) A felony involving a weapon under IC 35-47 or IC 35-47.5.
- (17) A felony relating to controlled substances under IC 35-48-4.
- (18) An offense relating to material or a performance that is harmful to minors or obscene under IC 35-49-3.
- (19) A felony that is substantially equivalent to a felony listed in subdivisions (1) through (18) for which the conviction was entered in another state.

However, the court is not prohibited from granting an adoption based upon a felony conviction under subdivision (6), (11), (12), (16), or (17), or its equivalent under subdivision (19), if the offense was not committed within the immediately preceding five (5) year period.

(d) A court may not grant an adoption if the petitioner is ~~an~~ *a* ~~sex~~ **or violent** offender (as defined in ~~IC 5-2-12-4~~; IC 11-8-8-5).

SECTION 35. IC 31-30-1-4, AS AMENDED BY P.L.151-2006, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) The juvenile court does not have jurisdiction over an individual for an alleged violation of:

- (1) IC 35-41-5-1(a) (attempted murder);**
- ~~(1)~~ **(2) IC 35-42-1-1 (murder);**
- ~~(2)~~ **(3) IC 35-42-3-2 (kidnapping);**
- ~~(3)~~ **(4) IC 35-42-4-1 (rape);**
- ~~(4)~~ **(5) IC 35-42-4-2 (criminal deviate conduct);**
- ~~(5)~~ **(6) IC 35-42-5-1 (robbery) if:**
 - (A) the robbery was committed while armed with a deadly weapon; or
 - (B) the robbery results in bodily injury or serious bodily injury;
- ~~(6)~~ **(7) IC 35-42-5-2 (carjacking);**
- ~~(7)~~ **(8) IC 35-45-9-3 (criminal gang activity);**
- ~~(8)~~ **(9) IC 35-45-9-4 (criminal gang intimidation);**
- ~~(9)~~ **(10) IC 35-47-2-1 (carrying a handgun without a license);**
- ~~(10)~~ **(11) IC 35-47-10 (children and firearms);**
- ~~(11)~~ **(12) IC 35-47-5-4.1 (dealing in a sawed-off shotgun); or**
- ~~(12)~~ **(13) any offense that may be joined under IC 35-34-1-9(a)(2) with any crime listed in subdivisions (1) through ~~(11)~~; (12);**

if the individual was at least sixteen (16) years of age at the time of the alleged violation.

(b) The juvenile court does not have jurisdiction for an alleged violation of manufacturing or dealing in cocaine or a narcotic drug (IC 35-48-4-1), dealing in methamphetamine (IC 35-48-4-1.1), dealing in a schedule I, II, or III controlled substance

(IC 35-48-4-2), or dealing in a schedule IV controlled substance (IC 35-48-4-3), if:

- (1) the individual has a prior unrelated conviction under IC 35-48-4-1, IC 35-48-4-1.1, IC 35-48-4-2, or IC 35-48-4-3; or
- (2) the individual has a prior unrelated juvenile adjudication that, if committed by an adult, would be a crime under IC 35-48-4-1, IC 35-48-4-1.1, IC 35-48-4-2, or IC 35-48-4-3; and the individual was at least sixteen (16) years of age at the time of the alleged violation.

(c) Once an individual described in subsection (a) or (b) has been charged with any crime listed in subsection (a) or (b), the court having adult criminal jurisdiction shall retain jurisdiction over the case even if the individual pleads guilty to or is convicted of a lesser included offense. A plea of guilty to or a conviction of a lesser included offense does not vest jurisdiction in the juvenile court.

SECTION 36. IC 34-30-2-149.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 149.5. **IC 35-38-1-28(d) (Concerning a clerk, court, law enforcement officer, or prosecuting attorney for an error or omission in the transportation of fingerprints, case history data, or sentencing data.)**

SECTION 37. IC 35-38-1-7.5, AS AMENDED BY P.L.173-2006, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7.5. (a) As used in this section, "sexually violent predator" means a person who suffers from a mental abnormality or personality disorder that makes the individual likely to repeatedly ~~engage in any of the offenses described in IC 11-8-8-5~~; **commit a sex offense (as defined in IC 11-8-8-5.2)**. The term includes a person convicted in another jurisdiction who is identified as a sexually violent predator under IC 11-8-8-20. The term does not include a person no longer considered a sexually violent predator under subsection (g).

(b) A person who:

- (1) being at least eighteen (18) years of age, commits an offense described in:
 - (A) IC 35-42-4-1;
 - (B) IC 35-42-4-2;
 - (C) IC 35-42-4-3 as a Class A or Class B felony;
 - (D) IC 35-42-4-5(a)(1);
 - (E) IC 35-42-4-5(a)(2);
 - (F) IC 35-42-4-5(a)(3);
 - (G) IC 35-42-4-5(b)(1) as a Class A or Class B felony;
 - (H) IC 35-42-4-5(b)(2); ~~or~~
 - (I) IC 35-42-4-5(b)(3) as a Class A or Class B felony; ~~or~~
 - (J) an attempt or conspiracy to commit a crime listed in clauses (A) through (I); or**
 - (K) a crime under the laws of another jurisdiction, including a military court, that is substantially equivalent to any of the offenses listed in clauses (A) through (J);**
- (2) commits ~~an a sex offense described in IC 11-8-8-5 (as defined in IC 11-8-8-5.2)~~ while having a previous unrelated conviction for ~~an a sex offense described in IC 11-8-8-5~~ for which the person is required to register as ~~an a sex or violent offender under IC 11-8-8~~;

(3) commits a sex offense (as defined in IC 11-8-8-5.2) while having had a previous unrelated adjudication as a delinquent child for an act that would be a sex offense if committed by an adult, if, after considering expert testimony, a court finds by clear and convincing evidence that the person is likely to commit an additional sex offense; or

(4) commits a sex offense (as defined in IC 11-8-8-5.2) while having had a previous unrelated adjudication as a delinquent child for an act that would be a sex offense if committed by an adult, if the person was required to register as a sex or violent offender under IC 11-8-8-5(b)(2);

is a sexually violent predator. Except as provided in subsection (g) or (h), a person is a sexually violent predator by operation of law if an offense committed by the person satisfies the conditions set forth in subdivision (1) or (2) and the person was released from incarceration, secure detention, or probation for the offense after June 30, 1994.

(c) This section applies whenever a court sentences a person or a juvenile court issues a dispositional decree for a sex offense listed in IC 11-8-8-5 (as defined in IC 11-8-8-5.2) for which the person is required to register with the local law enforcement authority under IC 11-8-8.

(d) At the sentencing hearing, the court shall determine indicate on the record whether the person is has been convicted of an offense that makes the person a sexually violent predator under subsection (b).

(e) If the court does not find the a person to be is not a sexually violent predator under subsection (b), the prosecuting attorney may request the court to conduct a hearing to determine whether the person (including a child adjudicated to be a delinquent child) is a sexually violent predator under subsection (a). If the court grants the motion, the court shall consult with a board of experts consisting of appoint two (2) board certified psychologists or psychiatrists who have expertise in criminal behavioral disorders to determine if the person is a sexually violent predator under subsection (a): evaluate the person and testify at the hearing. After conducting the hearing and considering the testimony of the two (2) psychologists or psychiatrists, the court shall determine whether the person is a sexually violent predator under subsection (a). A hearing conducted under this subsection may be combined with the person's sentencing hearing.

(f) If the court finds that a person is a sexually violent predator:

(1) the person is required to register with the local law enforcement authority as provided in IC 11-8-8; and

(2) the court shall send notice of its finding under this subsection to the department of correction.

(g) This subsection does not apply to a person who has two (2) or more unrelated convictions for an offense described in IC 11-8-8-4.5 for which the person is required to register under IC 11-8-8. A person who is found by a court to be a sexually violent predator may petition the court to consider whether the person should no longer be considered a sexually violent predator. The person may file a petition under this subsection not earlier than ten (10) years after:

(1) the sentencing court or juvenile court makes its finding

determination under subsection (e); or

(2) a the person found to be a sexually violent predator under subsection (b) is released from incarceration or secure detention.

A person may file a petition under this subsection not more than one (1) time per year. A court may dismiss a petition filed under this subsection or conduct a hearing to determine if the person should no longer be considered a sexually violent predator. If the court conducts a hearing, the court shall appoint two (2) psychologists or psychiatrists who have expertise in criminal behavioral disorders to evaluate the person and testify at the hearing. After conducting the hearing and considering the testimony of the two (2) psychologists or psychiatrists, the court shall determine whether the person should no longer be considered a sexually violent predator under subsection (a). If a court finds that the person should no longer be considered a sexually violent predator, the court shall send notice to the department of correction that the person is no longer considered a sexually violent predator. Notwithstanding any other law, a condition imposed on a person due to the person's status as a sexually violent predator, including lifetime parole or GPS monitoring, does not apply to a person no longer considered a sexually violent predator.

(h) A person is not a sexually violent predator by operation of law under subsection (b)(1) if all of the following conditions are met:

(1) The victim was not less than twelve (12) years of age at the time the offense was committed.

(2) The person is not more than four (4) years older than the victim.

(3) The relationship between the person and the victim was a dating relationship or an ongoing personal relationship. The term "ongoing personal relationship" does not include a family relationship.

(4) The offense committed by the person was not any of the following:

(A) Rape (IC 35-42-4-1).

(B) Criminal deviate conduct (IC 35-42-4-2).

(C) An offense committed by using or threatening the use of deadly force or while armed with a deadly weapon.

(D) An offense that results in serious bodily injury.

(E) An offense that is facilitated by furnishing the victim, without the victim's knowledge, with a drug (as defined in IC 16-42-19-2(1)) or a controlled substance (as defined in IC 35-48-1-9) or knowing that the victim was furnished with the drug or controlled substance without the victim's knowledge.

(5) The person has not committed another sex offense (as defined in IC 11-8-8-5.2) (including a delinquent act that would be a sex offense if committed by an adult) against any other person.

(6) The person did not have a position of authority or substantial influence over the victim.

(7) The court finds that the person should not be considered a sexually violent predator.

SECTION 38. IC 35-38-1-28 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS

[EFFECTIVE JULY 1, 2007]: **Sec. 28. (a) Except as provided in subsection (c), immediately after sentencing a defendant for an offense, the court shall order the defendant to be fingerprinted by an individual qualified to take fingerprints. The fingerprints may be recorded in any reliable manner, including by the use of a digital fingerprinting device.**

(b) The court shall order a law enforcement officer to provide the fingerprints to the prosecuting attorney and the state police department, in hard copy or in an electronic format approved by the security and privacy council established by IC 10-13-3-34.

(c) The court is not required to order the defendant to be fingerprinted if the defendant was previously arrested and processed at the county jail.

(d) A clerk, court, law enforcement officer, or prosecuting attorney is immune from civil liability for an error or omission in the transmission of fingerprints, case history data, or sentencing data, unless the error or omission constitutes willful or wanton misconduct or gross negligence.

SECTION 39. IC 35-38-1-29 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 29. (a) This section applies only to a sexually violent predator, including a person who is a sexually violent predator by operation of law for committing an offense under IC 35-38-1-7.5(b).**

(b) If a court imposes a sentence on a person described in subsection (a) that does not involve a commitment to the department of correction, the court shall order the parole board to place the person on lifetime parole and supervise the person in the same manner that the parole board supervises a sexually violent predator who has been released from imprisonment and placed on lifetime parole under IC 35-50-6-1(e).

(c) If a person described in subsection (b) is also required to be supervised by a court, a probation department, a community corrections program, a community transition program, or another similar program upon the person's release from imprisonment, the parole board may:

- (1) supervise the person while the person is being supervised by the other supervising agency; or**
- (2) permit the other supervising agency to exercise all or part of the parole board's supervisory responsibility during the period in which the other supervising agency is required to supervise the person;**

in accordance with IC 35-50-6-1(g).

SECTION 40. IC 35-38-2-2.2, AS AMENDED BY P.L.173-2006, SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 2.2. As a condition of probation for a sex offender (as defined in ~~IC 11-8-8-5~~ IC 11-8-8-4.5), the court shall:**

- (1) require the sex offender to register with the local law enforcement authority under IC 11-8-8; and**
- (2) prohibit the sex offender from residing within one thousand (1,000) feet of school property (as defined in IC 35-41-1-24.7) for the period of probation, unless the sex offender obtains written approval from the court.**

If the court allows the sex offender to reside within one thousand (1,000) feet of school property under subdivision (2), the court shall

notify each school within one thousand (1,000) feet of the sex offender's residence of the order. **However, a court may not allow a sex offender who is a sexually violent predator (as defined in IC 35-38-1-7.5) or an offender against children under IC 35-42-4-11 to reside within one thousand (1,000) feet of school property.**

SECTION 41. IC 35-38-2-2.5, AS AMENDED BY P.L.173-2006, SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 2.5. (a) As used in this section, "offender" means an individual convicted of a sex offense.**

(b) As used in this section, "sex offense" means any of the following:

- (1) Rape (IC 35-42-4-1).**
- (2) Criminal deviate conduct (IC 35-42-4-2).**
- (3) Child molesting (IC 35-42-4-3).**
- (4) Child exploitation (IC 35-42-4-4(b)).**
- (5) Vicarious sexual gratification (IC 35-42-4-5).**
- (6) Child solicitation (IC 35-42-4-6).**
- (7) Child seduction (IC 35-42-4-7).**
- (8) Sexual battery (IC 35-42-4-8).**
- (9) Sexual misconduct with a minor as a felony (IC 35-42-4-9).**
- (10) Incest (IC 35-46-1-3).**

(c) A condition of remaining on probation or parole after conviction for a sex offense is that the offender not reside within one (1) mile of the residence of the victim of the offender's sex offense.

(d) An offender:

- (1) who will be placed on probation shall provide the sentencing court and the probation department with the address where the offender intends to reside during the period of probation:**

- (A) at the time of sentencing if the offender will be placed on probation without first being incarcerated; or**
- (B) before the offender's release from incarceration if the offender will be placed on probation after completing a term of incarceration; or**

- (2) who will be placed on parole shall provide the parole board with the address where the offender intends to reside during the period of parole.**

(e) An offender, while on probation or parole, may not establish a new residence within one (1) mile of the residence of the victim of the offender's sex offense unless the offender first obtains a waiver from the:

- (1) court, if the offender is placed on probation; or**
- (2) parole board, if the offender is placed on parole;**

for the change of address under subsection (f).

(f) The court or parole board may waive the requirement set forth in subsection (c) only if the court or parole board, at a hearing at which the offender is present and of which the prosecuting attorney has been notified, determines that:

- (1) the offender has successfully completed a sex offender treatment program during the period of probation or parole;**
- (2) the offender is in compliance with all terms of the offender's probation or parole; and**
- (3) good cause exists to allow the offender to reside within**

one (1) mile of the residence of the victim of the offender's sex offense.

However, the court or parole board may not grant a waiver under this subsection if the offender is a sexually violent predator under IC 35-38-1-7.5 **or if the offender is an offender against children under IC 35-42-4-11.**

(g) If the court or parole board grants a waiver under subsection (f), the court or parole board shall state in writing the reasons for granting the waiver. The court's written statement of its reasons shall be incorporated into the record.

(h) The address of the victim of the offender's sex offense is confidential even if the court or parole board grants a waiver under subsection (f).

SECTION 42. IC 35-42-4-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) A person who, with a child under fourteen (14) years of age, performs or submits to sexual intercourse or deviate sexual conduct commits child molesting, a Class B felony. However, the offense is a Class A felony if:

- (1) it is committed by a person at least twenty-one (21) years of age;
- (2) it is committed by using or threatening the use of deadly force or while armed with a deadly weapon;
- (3) it results in serious bodily injury; or
- (4) the commission of the offense is facilitated by furnishing the victim, without the victim's knowledge, with a drug (as defined in IC 16-42-19-2(1)) or a controlled substance (as defined in IC 35-48-1-9) or knowing that the victim was furnished with the drug or controlled substance without the victim's knowledge.

(b) A person who, with a child under fourteen (14) years of age, performs or submits to any fondling or touching, of either the child or the older person, with intent to arouse or to satisfy the sexual desires of either the child or the older person, commits child molesting, a Class C felony. However, the offense is a Class A felony if:

- (1) it is committed by using or threatening the use of deadly force;
- (2) it is committed while armed with a deadly weapon; or
- (3) the commission of the offense is facilitated by furnishing the victim, without the victim's knowledge, with a drug (as defined in IC 16-42-19-2(1)) or a controlled substance (as defined in IC 35-48-1-9) or knowing that the victim was furnished with the drug or controlled substance without the victim's knowledge.

(c) It is a defense that the accused person reasonably believed that the child was sixteen (16) years of age or older at the time of the conduct, **unless:**

- (1) the offense is committed by using or threatening the use of deadly force or while armed with a deadly weapon;**
- (2) the offense results in serious bodily injury; or**
- (3) the commission of the offense is facilitated by furnishing the victim, without the victim's knowledge, with a drug (as defined in IC 16-42-19-2(1)) or a controlled substance (as defined in IC 35-48-1-9) or knowing that the victim was furnished with the drug or controlled substance without the victim's knowledge.**

SECTION 43. IC 35-42-4-4 IS AMENDED TO READ AS

FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) As used in this section:

"Disseminate" means to transfer possession for free or for a consideration.

"Matter" has the same meaning as in IC 35-49-1-3.

"Performance" has the same meaning as in IC 35-49-1-7.

"Sexual conduct" means sexual intercourse, deviate sexual conduct, exhibition of the uncovered genitals intended to satisfy or arouse the sexual desires of any person, sadomasochistic abuse, sexual intercourse or deviate sexual conduct with an animal, or any fondling or touching of a child by another person or of another person by a child intended to arouse or satisfy the sexual desires of either the child or the other person.

(b) A person who knowingly or intentionally:

- (1) manages, produces, sponsors, presents, exhibits, photographs, films, videotapes, or creates a digitized image of any performance or incident that includes sexual conduct by a child under eighteen (18) years of age;
- (2) disseminates, exhibits to another person, offers to disseminate or exhibit to another person, or sends or brings into Indiana for dissemination or exhibition matter that depicts or describes sexual conduct by a child under eighteen (18) years of age; or
- (3) makes available to another person a computer, knowing that the computer's fixed drive or peripheral device contains matter that depicts or describes sexual conduct by a child less than eighteen (18) years of age;

commits child exploitation, a Class C felony.

(c) A person who knowingly or intentionally possesses:

- (1) a picture;
- (2) a drawing;
- (3) a photograph;
- (4) a negative image;
- (5) undeveloped film;
- (6) a motion picture;
- (7) a videotape;
- (8) a digitized image; or
- (9) any pictorial representation;

that depicts or describes sexual conduct by a child who **the person knows** is less than sixteen (16) years of age or **who** appears to be less than sixteen (16) years of age, and that lacks serious literary, artistic, political, or scientific value commits possession of child pornography, a Class D felony.

(d) Subsections (b) and (c) do not apply to a bona fide school, museum, or public library that qualifies for certain property tax exemptions under IC 6-1.1-10, or to an employee of such a school, museum, or public library acting within the scope of the employee's employment when the possession of the listed materials ~~are~~ **is** for legitimate scientific or educational purposes.

SECTION 44. IC 35-42-4-6, AS AMENDED BY P.L.124-2005, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) As used in this section, "solicit" means to command, authorize, urge, incite, request, or advise an individual:

- (1) in person;
- (2) by telephone;
- (3) in writing;

- (4) by using a computer network (as defined in IC 35-43-2-3(a));
- (5) by advertisement of any kind; or
- (6) by any other means;

to perform an act described in subsection (b) or (c).

(b) A person eighteen (18) years of age or older who knowingly or intentionally solicits a child under fourteen (14) years of age, or an individual the person believes to be a child under fourteen (14) years of age, to engage in:

- (1) sexual intercourse;
- (2) deviate sexual conduct; or
- (3) any fondling or touching intended to arouse or satisfy the sexual desires of either the child or the older person;

commits child solicitation, a Class D felony. However, the offense is a Class C felony if it is committed by using a computer network (as defined in IC 35-43-2-3(a)), **and a Class B felony if the person commits the offense by using a computer network (as defined in IC 35-43-2-3(a)) and has a previous unrelated conviction for committing the offense by using a computer network (as defined in IC 35-43-2-3(a)).**

(c) A person at least twenty-one (21) years of age who knowingly or intentionally solicits a child at least fourteen (14) years of age but less than sixteen (16) years of age, or an individual the person believes to be a child at least fourteen (14) years of age but less than sixteen (16) years of age, to engage in:

- (1) sexual intercourse;
- (2) deviate sexual conduct; or
- (3) any fondling or touching intended to arouse or satisfy the sexual desires of either the child or the older person;

commits child solicitation, a Class D felony. However, the offense is a Class C felony if it is committed by using a computer network (as defined in IC 35-43-2-3(a)), **and a Class B felony if the person commits the offense by using a computer network (as defined in IC 35-43-2-3(a)) and has a previous unrelated conviction for committing the offense by using a computer network (as defined in IC 35-43-2-3(a)).**

(d) In a prosecution under this section, including a prosecution for attempted solicitation, the state is not required to prove that the person solicited the child to engage in an act described in subsection (b) or (c) at some immediate time.

SECTION 46. IC 35-42-4-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) A person at least eighteen (18) years of age who, with a child at least fourteen (14) years of age but less than sixteen (16) years of age, performs or submits to sexual intercourse or deviate sexual conduct commits sexual misconduct with a minor, a Class C felony. However, the offense is:

- (1) a Class B felony if it is committed by a person at least twenty-one (21) years of age; and
- (2) a Class A felony if it is committed by using or threatening the use of deadly force, if it is committed while armed with a deadly weapon, if it results in serious bodily injury, or if the commission of the offense is facilitated by furnishing the victim, without the victim's knowledge, with a drug (as defined in IC 16-42-19-2(1)) or a controlled substance (as defined in IC 35-48-1-9) or knowing that the victim was furnished with the drug or controlled substance without the victim's knowledge.

(b) A person at least eighteen (18) years of age who, with a child at least fourteen (14) years of age but less than sixteen (16) years of age, performs or submits to any fondling or touching, of either the child or the older person, with intent to arouse or to satisfy the sexual desires of either the child or the older person, commits sexual misconduct with a minor, a Class D felony. However, the offense is:

- (1) a Class C felony if it is committed by a person at least twenty-one (21) years of age; and
- (2) a Class B felony if it is committed by using or threatening the use of deadly force, while armed with a deadly weapon, or if the commission of the offense is facilitated by furnishing the victim, without the victim's knowledge, with a drug (as defined in IC 16-42-19-2(1)) or a controlled substance (as defined in IC 35-48-1-9) or knowing that the victim was furnished with the drug or controlled substance without the victim's knowledge.

(c) It is a defense that the accused person reasonably believed that the child was at least sixteen (16) years of age at the time of the conduct. However, this subsection does not apply to an offense described in subsection (a)(2) or (b)(2).

(d) It is a defense that the child is or has ever been married. However, this subsection does not apply to an offense described in subsection (a)(2) or (b)(2).

(e) It is a defense to a prosecution under this section if all the following apply:

- (1) The person is not more than four (4) years older than the victim.**
- (2) The relationship between the person and the victim was a dating relationship or an ongoing personal relationship. The term "ongoing personal relationship" does not include a family relationship.**
- (3) The crime:**

- (A) was not committed by a person who is at least twenty-one (21) years of age;**
- (B) was not committed by using or threatening the use of deadly force;**
- (C) was not committed while armed with a deadly weapon;**
- (D) did not result in serious bodily injury;**
- (E) was not facilitated by furnishing the victim, without the victim's knowledge, with a drug (as defined in IC 16-42-19-2(1)) or a controlled substance (as defined in IC 35-48-1-9) or knowing that the victim was furnished with the drug or controlled substance without the victim's knowledge; and**
- (F) was not committed by a person having a position of authority or substantial influence over the victim.**

- (4) The person has not committed another sex offense (as defined in IC 11-8-8-5.2) (including a delinquent act that would be a sex offense if committed by an adult) against any other person.**

SECTION 47. IC 35-42-4-10, AS ADDED BY P.L.6-2006, SECTION 3, AS ADDED BY P.L.140-2006, SECTION 31, AND AS ADDED BY P.L.173-2006, SECTION 31, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. **(a) As used in this section, "offender against children" means a person who is an offender against children**

under IC 35-42-4-11.

~~(a)~~ (b) As used in this section, "sexually violent predator" ~~has the meaning set forth in~~ means a person who is a sexually violent predator under IC 35-38-1-7.5.

~~(b)~~ (c) A sexually violent predator or an offender against children who knowingly or intentionally works for compensation or as a volunteer:

- (1) on school property;
- (2) at a youth program center; or
- (3) at a public park;

commits unlawful employment near children by a sexual predator, a Class D felony. However, the offense is a Class C felony if the person has a prior unrelated conviction based on the person's failure to comply with any requirement imposed on an offender under ~~this chapter: IC 11-8-8.~~

SECTION 48. IC 35-42-4-11, AS AMENDED BY P.L.173-2006, SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 11. (a) As used in this section, **and except as provided in subsection (d)**, "offender against children" means a person required to register as a sex or violent offender under IC 11-8-8 who has been:

- (1) found to be a sexually violent predator under IC 35-38-1-7.5; or
- (2) convicted of one (1) or more of the following offenses:
 - (A) Child molesting (IC 35-42-4-3).
 - (B) Child exploitation (IC 35-42-4-4(b)).
 - (C) Child solicitation (IC 35-42-4-6).
 - (D) Child seduction (IC 35-42-4-7).
 - (E) Kidnapping (IC 35-42-3-2), if the victim is less than eighteen (18) years of age **and the person is not the child's parent or guardian.**
 - (F) **Attempt to commit or conspiracy to commit an offense listed in clauses (A) through (E).**
 - (G) An offense in another jurisdiction that is substantially similar to an offense described in clauses (A) through ~~(E)~~ (F).

A person is an offender against children by operation of law if the person meets the conditions described in subdivision (1) or (2) at any time.

(b) As used in this section, "reside" means to spend more than ~~two three~~ ~~(2)~~ (3) nights in:

- (1) a residence; or
- (2) **if the person does not reside in a residence, a particular location;**

in any thirty (30) day period.

(c) An offender against children who knowingly or intentionally:

- (1) resides within one thousand (1,000) feet of:
 - (A) school property, **not including property of an institution providing post-secondary education;**
 - (B) a youth program center; or
 - (C) a public park; or
- (2) establishes a residence within one (1) mile of the residence of the victim of the offender's sex offense;

commits a sex offender residency offense, a Class D felony.

(d) This subsection does not apply to an offender against children who has two (2) or more unrelated convictions for an offense described in subsection (a). A person who is an offender

against children may petition the court to consider whether the person should no longer be considered an offender against children. The person may file a petition under this subsection not earlier than ten (10) years after the person is released from incarceration, probation, or parole, whichever occurs last. A person may file a petition under this subsection not more than one (1) time per year. A court may dismiss a petition filed under this subsection or conduct a hearing to determine if the person should no longer be considered an offender against children. If the court conducts a hearing, the court shall appoint two (2) psychologists or psychiatrists who have expertise in criminal behavioral disorders to evaluate the person and testify at the hearing. After conducting the hearing and considering the testimony of the two (2) psychologists or psychiatrists, the court shall determine whether the person should no longer be considered an offender against children. If a court finds that the person should no longer be considered an offender against children, the court shall send notice to the department of correction that the person is no longer considered an offender against children.

SECTION 49. IC 35-43-1-2, AS AMENDED BY P.L.173-2006, SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) A person who:

- (1) recklessly, knowingly, or intentionally damages or defaces property of another person without the other person's consent; or
- (2) knowingly or intentionally causes another to suffer pecuniary loss by deception or by an expression of intention to injure another person or to damage the property or to impair the rights of another person;

commits criminal mischief, a Class B misdemeanor. However, the offense is:

(A) a Class A misdemeanor if:

- (i) the pecuniary loss is at least two hundred fifty dollars (\$250) but less than two thousand five hundred dollars (\$2,500);
- (ii) the property damaged was a moving motor vehicle;
- (iii) the property damaged contained data relating to a person required to register as a sex or violent offender under IC 11-8-8 and the person is not a sex or violent offender or was not required to register as a sex or violent offender;
- (iv) the property damaged was a locomotive, a railroad car, a train, or equipment of a railroad company being operated on a railroad right-of-way;
- (v) the property damaged was a part of any railroad signal system, train control system, centralized dispatching system, or highway railroad grade crossing warning signal on a railroad right-of-way owned, leased, or operated by a railroad company;
- (vi) the property damaged was any rail, switch, roadbed, viaduct, bridge, trestle, culvert, or embankment on a right-of-way owned, leased, or operated by a railroad company; or
- (vii) the property damage or defacement was caused by paint or other markings; and

(B) a Class D felony if:

- (i) the pecuniary loss is at least two thousand five

- hundred dollars (\$2,500);
- (ii) the damage causes a substantial interruption or impairment of utility service rendered to the public;
- (iii) the damage is to a public record;
- (iv) the property damaged contained data relating to a person required to register as a sex **or violent** offender under IC 11-8-8 and the person is a sex **or violent** offender or was required to register as a sex **or violent** offender;
- (v) the damage causes substantial interruption or impairment of work conducted in a scientific research facility;
- (vi) the damage is to a law enforcement animal (as defined in IC 35-46-3-4.5); or
- (vii) the damage causes substantial interruption or impairment of work conducted in a food processing facility.

(b) A person who recklessly, knowingly, or intentionally damages:

- (1) a structure used for religious worship;
- (2) a school or community center;
- (3) the grounds:
 - (A) adjacent to; and
 - (B) owned or rented in common with;
 a structure or facility identified in subdivision (1) or (2); or
- (4) personal property contained in a structure or located at a facility identified in subdivision (1) or (2);

without the consent of the owner, possessor, or occupant of the property that is damaged, commits institutional criminal mischief, a Class A misdemeanor. However, the offense is a Class D felony if the pecuniary loss is at least two hundred fifty dollars (\$250) but less than two thousand five hundred dollars (\$2,500), and a Class C felony if the pecuniary loss is at least two thousand five hundred dollars (\$2,500).

(c) If a person is convicted of an offense under this section that involves the use of graffiti, the court may, in addition to any other penalty, order that the person's operator's license be suspended or invalidated by the bureau of motor vehicles for not more than one (1) year.

(d) The court may rescind an order for suspension or invalidation under subsection (c) and allow the person to receive a license or permit before the period of suspension or invalidation ends if the court determines that:

- (1) the person has removed or painted over the graffiti or has made other suitable restitution; and
- (2) the person who owns the property damaged or defaced by the criminal mischief or institutional criminal mischief is satisfied with the removal, painting, or other restitution performed by the person.

SECTION 50. IC 35-44-3-13, AS ADDED BY P.L.139-2006, SECTION 5, AS ADDED BY P.L.140-2006, SECTION 34, AND AS ADDED BY P.L.173-2006, SECTION 35, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13. (a) A person who is being supervised on lifetime parole (as described in IC 35-50-6-1) and who knowingly or intentionally violates a condition of lifetime parole that involves direct or indirect contact with a child less than sixteen (16) years of

age or with the victim of a ~~sex~~ crime ~~described in IC 5-2-12-4 IC 11-8-8-5~~ that was committed by the person commits a Class D felony if, at the time of the violation:

- (1) the person's lifetime parole has been revoked two (2) or more times; or
- (2) the person has completed the person's sentence, including any credit time the person may have earned.

(b) The offense described in subsection (a) is a Class C felony if the person has a prior unrelated conviction under this section.

SECTION 51. IC 35-50-2-2, AS AMENDED BY P.L.151-2006, SECTION 28, AS AMENDED BY P.L.140-2006, SECTION 36, AND AS AMENDED BY P.L.173-2006, SECTION 36, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) The court may suspend any part of a sentence for a felony, except as provided in this section or in section 2.1 of this chapter.

(b) **Except as provided in subsection (i)**, with respect to the following crimes listed in this subsection, the court may suspend only that part of the sentence that is in excess of the minimum sentence, unless the court has approved placement of the offender in a forensic diversion program under IC 11-12-3.7:

- (1) The crime committed was a Class A or Class B felony and the person has a prior unrelated felony conviction.
- (2) The crime committed was a Class C felony and less than seven (7) years have elapsed between the date the person was discharged from probation, imprisonment, or parole, whichever is later, for a prior unrelated felony conviction and the date the person committed the Class C felony for which the person is being sentenced.
- (3) The crime committed was a Class D felony and less than three (3) years have elapsed between the date the person was discharged from probation, imprisonment, or parole, whichever is later, for a prior unrelated felony conviction and the date the person committed the Class D felony for which the person is being sentenced. However, the court may suspend the minimum sentence for the crime only if the court orders home detention under IC 35-38-1-21 or IC 35-38-2.5-5 instead of the minimum sentence specified for the crime under this chapter.

(4) The felony committed was:

- (A) murder (IC 35-42-1-1);
- (B) battery (IC 35-42-2-1) with a deadly weapon or battery causing death;
- (C) sexual battery (IC 35-42-4-8) with a deadly weapon;
- (D) kidnapping (IC 35-42-3-2);
- (E) confinement (IC 35-42-3-3) with a deadly weapon;
- (F) rape (IC 35-42-4-1) as a Class A felony;
- (G) criminal deviate conduct (IC 35-42-4-2) as a Class A felony;
- (H) **except as provided in subsection (i)**, child molesting (IC 35-42-4-3) as a Class A or Class B felony, **unless:**

- (i) the felony committed was child molesting as a Class B felony;**
- (ii) the victim was not less than twelve (12) years old at the time the offense was committed;**
- (iii) the person is not more than four (4) years older than the victim, or more than five (5) years older than the victim if the relationship between the**

person and the victim was a dating relationship or an ongoing personal relationship (not including a family relationship);

(iv) the person did not have a position of authority or substantial influence over the victim; and

(v) the person has not committed another sex offense (as defined in IC 11-8-8-5.2) (including a delinquent act that would be a sex offense if committed by an adult) against any other person;

(I) robbery (IC 35-42-5-1) resulting in serious bodily injury or with a deadly weapon;

(J) arson (IC 35-43-1-1) for hire or resulting in serious bodily injury;

(K) burglary (IC 35-43-2-1) resulting in serious bodily injury or with a deadly weapon;

(L) resisting law enforcement (IC 35-44-3-3) with a deadly weapon;

(M) escape (IC 35-44-3-5) with a deadly weapon;

(N) rioting (IC 35-45-1-2) with a deadly weapon;

(O) dealing in cocaine *or* a narcotic drug ~~or methamphetamine~~ (IC 35-48-4-1) if the court finds the person possessed a firearm (as defined in IC 35-47-1-5) at the time of the offense, or the person delivered or intended to deliver to a person under eighteen (18) years of age at least three (3) years junior to the person and was on a school bus or within one thousand (1,000) feet of:

(i) school property;

(ii) a public park;

(iii) a family housing complex; or

(iv) a youth program center;

(P) dealing in methamphetamine (IC 35-48-4-1.1) if the court finds the person possessed a firearm (as defined in IC 35-47-1-5) at the time of the offense, or the person delivered or intended to deliver the methamphetamine pure or adulterated to a person under eighteen (18) years of age at least three (3) years junior to the person and was on a school bus or within one thousand (1,000) feet of:

(i) school property;

(ii) a public park;

(iii) a family housing complex; or

(iv) a youth program center;

~~(P)~~ (Q) dealing in a schedule I, II, or III controlled substance (IC 35-48-4-2) if the court finds the person possessed a firearm (as defined in IC 35-47-1-5) at the time of the offense, or the person delivered or intended to deliver to a person under eighteen (18) years of age at least three (3) years junior to the person and was on a school bus or within one thousand (1,000) feet of:

(i) school property;

(ii) a public park;

(iii) a family housing complex; or

(iv) a youth program center;

~~(Q)~~ (R) an offense under IC 9-30-5 (operating a vehicle while intoxicated) and the person who committed the offense has accumulated at least two (2) prior unrelated convictions under IC 9-30-5;

~~(R)~~ (S) an offense under IC 9-30-5-5(b) (operating a vehicle while intoxicated causing death); or

~~(S)~~ (T) aggravated battery (IC 35-42-2-1.5).

(c) Except as provided in subsection (e), whenever the court suspends a sentence for a felony, it shall place the person on probation under IC 35-38-2 for a fixed period to end not later than the date that the maximum sentence that may be imposed for the felony will expire.

(d) The minimum sentence for a person convicted of voluntary manslaughter may not be suspended unless the court finds at the sentencing hearing that the crime was not committed by means of a deadly weapon.

(e) Whenever the court suspends that part of ~~the sentence of a sex or violent offender's offender~~ (as defined in ~~IC 5-2-12-4~~ IC 11-8-8-5) ~~sentence~~ that is suspendible under subsection (b), the court shall place the *sex or violent* offender on probation under IC 35-38-2 for not more than ten (10) years.

(f) An additional term of imprisonment imposed under IC 35-50-2-11 may not be suspended.

(g) A term of imprisonment imposed under IC 35-47-10-6 or IC 35-47-10-7 may not be suspended if the commission of the offense was knowing or intentional.

(h) A term of imprisonment imposed for an offense under IC 35-48-4-6(b)(1)(B) *or* IC 35-48-4-6.1(b)(1)(B) may not be suspended.

(i) If a person is:

(1) convicted of child molesting (IC 35-42-4-3) as a Class A felony against a victim less than twelve (12) years of age; and

(2) at least twenty-one (21) years of age;

the court may suspend only that part of the sentence that is in excess of thirty (30) years.

SECTION 53. IC 35-50-6-1, AS AMENDED BY P.L.139-2006, SECTION 6, AS AMENDED BY P.L.140-2006, SECTION 38, AND AS AMENDED BY P.L.173-2006, SECTION 38, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) Except as provided in subsection (d) or (e), when a person imprisoned for a felony completes the person's fixed term of imprisonment, less the credit time the person has earned with respect to that term, the person shall be:

(1) released on parole for not more than twenty-four (24) months, as determined by the parole board;

(2) discharged upon a finding by the committing court that the person was assigned to a community transition program and may be discharged without the requirement of parole; or

(3) released to the committing court if the sentence included a period of probation.

(b) This subsection does not apply to a person described in subsection (d), (e), or (f). A person released on parole remains on parole from the date of release until the person's fixed term expires, unless the person's parole is revoked or the person is discharged from that term by the parole board. In any event, if the person's parole is not revoked, the parole board shall discharge the person after the period set under subsection (a) or the expiration of the person's fixed term, whichever is shorter.

(c) A person whose parole is revoked shall be imprisoned for all or part of the remainder of the person's fixed term. However, the person shall again be released on parole when the person completes that remainder, less the credit time the person has earned since the

revocation. The parole board may reinstate the person on parole at any time after the revocation.

(d) This subsection does not apply to a person who is a sexually violent predator under IC 35-38-1-7.5. When a sex offender (as defined in ~~IC 5-2-12-4~~ ~~IC 11-8-8-5~~ **IC 11-8-8-4.5**) completes the sex offender's fixed term of imprisonment, less credit time earned with respect to that term, the sex offender shall be placed on parole for not more than ten (10) years.

(e) This subsection applies to a person who:

- (1) is a sexually violent predator under IC 35-38-1-7.5;
- (2) **has been convicted of murder (IC 35-42-1-1); or**
- (3) **has been convicted of voluntary manslaughter (IC 35-42-1-3).**

When a **sexually violent predator person described in this subsection** completes the person's fixed term of imprisonment, less credit time earned with respect to that term, the person shall be placed on parole for the remainder of the person's life.

(f) This subsection applies to a parolee in another jurisdiction who is a **sexually violent predator under IC 35-38-1-7.5 person described in subsection (e)** and whose parole supervision is transferred to Indiana from another jurisdiction. In accordance with IC 11-13-4-1(2) (Interstate Compact for Out-of-State Probationers and Parolees) and rules adopted under Article VII (d)(8) of the Interstate Compact for Adult Offender Supervision (IC 11-13-4.5), a parolee who is a **sexually violent predator person described in subsection (e)** and whose parole supervision is transferred to Indiana is subject to the same conditions of parole as a **sexually violent predator person described in subsection (e) who was convicted in Indiana**, including:

- (1) lifetime parole (as described in subsection (e)); and
- (2) the requirement that the person wear a monitoring device (as described in IC 35-38-2.5-3) that can transmit information twenty-four (24) hours each day regarding a person's precise location, if applicable.

(g) If a person being supervised on lifetime parole as described in subsection (e) is also required to be supervised by a court, a probation department, a community corrections program, a community transition program, or another similar program upon the person's release from imprisonment, the parole board may:

- (1) supervise the person while the person is being supervised by the other supervising agency; or
- (2) permit the other supervising agency to exercise all or part of the parole board's supervisory responsibility during the period in which the other supervising agency is required to supervise the person, if supervision by the other supervising agency will be, in the opinion of the parole board:

- (A) at least as stringent; and
- (B) at least as effective;

as supervision by the parole board.

(h) The parole board is not required to supervise a person on lifetime parole during any period in which the person is imprisoned. However, upon the person's release from imprisonment, the parole board shall recommence its supervision of a person on lifetime parole.

(i) If a court orders the parole board to place a sexually violent predator whose sentence does not include a commitment to the department of correction on lifetime parole under

IC 35-38-1-29, the parole board shall place the sexually violent predator on lifetime parole and supervise the person in the same manner in which the parole board supervises a sexually violent predator on lifetime parole whose sentence includes a commitment to the department of correction.

SECTION 54. IC 36-2-13-5.5, AS AMENDED BY P.L.173-2006, SECTION 40, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5.5. (a) The sheriffs shall jointly establish and maintain an Indiana sex **and violent** offender **registry** web site, known as the Indiana sex **and violent** offender registry, to inform the general public about the identity, location, and appearance of every sex **or violent** offender residing within Indiana. The web site must provide information regarding each sex **or violent** offender, organized by county of residence. The web site shall be updated at least daily.

(b) The Indiana sex **and violent** offender **registry** web site must include the following information:

- (1) A recent photograph of every sex **or violent** offender who has registered with a sheriff after the effective date of this chapter.
- (2) The home address of every sex **or violent** offender.
- (3) The information required under IC 11-8-8-8.

(c) Every time a sex **or violent** offender registers, but at least once per year, the sheriff shall:

- (1) photograph the sex **or violent** offender; **and**
- (2) **determine whether the sex or violent offender's fingerprints are on file:**
 - (A) in Indiana; or
 - (B) with the Federal Bureau of Investigation.

If it appears that the sex or violent offender's fingerprints are not on file as described in subdivision (2), the sheriff shall fingerprint the sex or violent offender and transmit a copy of the fingerprints to the state police department. The sheriff shall place ~~this~~ the photograph described in subdivision (1) on the Indiana sex **and violent** offender **registry** web site.

(d) The photograph of a sex **or violent** offender described in subsection (c) must meet the following requirements:

- (1) The photograph must be full face, front view, with a plain white or off-white background.
- (2) The image of the offender's face, measured from the bottom of the chin to the top of the head, must fill at least seventy-five percent (75%) of the photograph.
- (3) The photograph must be in color.
- (4) The photograph must show the offender dressed in normal street attire, without a hat or headgear that obscures the hair or hairline.
- (5) If the offender normally and consistently wears prescription glasses, a hearing device, wig, or a similar article, the photograph must show the offender wearing those items. A photograph may not include dark glasses or nonprescription glasses with tinted lenses unless the offender can provide a medical certificate demonstrating that tinted lenses are required for medical reasons.

(6) The photograph must have sufficient resolution to permit the offender to be easily identified by a person accessing the Indiana sex **and violent** offender **registry** web site.

(e) The Indiana sex **and violent** offender **registry** web site may

be funded from:

- (1) the jail commissary fund (IC 36-8-10-21);
- (2) a grant from the criminal justice institute; and
- (3) any other source, subject to the approval of the county fiscal body.

SECTION 55. IC 36-2-13-5.6 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 5.6. (a) The legislative body of a county may adopt an ordinance:**

(1) requiring the local law enforcement authority (as defined in IC 11-8-8-2) to collect:

(A) an annual sex or violent offender registration fee; and

(B) a sex or violent offender address change fee; and

(2) establishing a county sex and violent offender administration fund to fund the administration of the sex and violent offender registration system.

(b) If an ordinance is adopted under subsection (a), the legislative body of the county shall establish the amount of the annual sex or violent offender registration fee. However, the annual sex or violent offender registration fee may not exceed fifty dollars (\$50).

(c) If an ordinance is adopted under subsection (a), the legislative body of the county shall establish the amount of the sex or violent offender address change fee. However, a sex or violent offender address change fee may not exceed five dollars (\$5) per address change.

(d) The legislative body of the county shall determine the manner in which the local law enforcement authority shall collect the annual sex or violent offender registration fee and the sex or violent offender address change fee. However, the annual sex or violent offender registration fee may be collected only one (1) time per year. The sex or violent offender address change fee may be collected each time a sex or violent offender registers an address change with the local law enforcement authority.

(e) The local law enforcement authority shall transfer fees collected under this section to the county auditor of the county in which the local law enforcement authority exercises jurisdiction.

(f) The county auditor shall monthly:

- (1) deposit ninety percent (90%) of any fees collected under this section in the county sex and violent offender administration fund established under subsection (a); and**
- (2) transfer ten percent (10%) of any fees collected under this section to the treasurer of state for deposit in the state sex and violent offender administration fund under IC 11-8-8-21.**

(g) A county fiscal body may appropriate money from the county sex and violent offender administration fund to an agency or organization involved in the administration of the sex and violent offender registry to defray the expense of administering or ensuring compliance with the laws concerning the Indiana sex and violent offender registry.

SECTION 56. IC 36-3-1-5.1, AS AMENDED BY P.L.1-2006, SECTION 559, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 5.1. (a)** Except for those duties that are reserved by law to the county sheriff in this section, the

city-county legislative body may by majority vote adopt an ordinance, approved by the mayor, to consolidate the police department of the consolidated city and the county sheriff's department.

(b) The city-county legislative body may not adopt an ordinance under this section unless it first:

- (1) holds a public hearing on the proposed consolidation; and
- (2) determines that:

(A) reasonable and adequate police protection can be provided through the consolidation; and

(B) the consolidation is in the public interest.

(c) If an ordinance is adopted under this section, the consolidation shall take effect on the date specified in the ordinance.

(d) Notwithstanding any other law, an ordinance adopted under this section must provide that the county sheriff's department shall be responsible for all the following for the consolidated city and the county under the direction and control of the sheriff:

(1) County jail operations and facilities.

(2) Emergency communications.

(3) Security for buildings and property owned by:

(A) the consolidated city;

(B) the county; or

(C) both the consolidated city and county.

(4) Service of civil process and collection of taxes under tax warrants.

(5) Sex **and violent** offender registration.

(e) The following apply if an ordinance is adopted under this section:

(1) The department of local government finance, on recommendation from the local government tax control board, shall adjust the maximum permissible ad valorem property tax levy of the consolidated city and the county for property taxes first due and payable in the year a consolidation takes effect under this section. When added together, the adjustments under this subdivision must total zero (0).

(2) The ordinance must specify which law enforcement officers of the police department and which law enforcement officers of the county sheriff's department shall be law enforcement officers of the consolidated law enforcement department.

(3) The ordinance may not prohibit the providing of law enforcement services for an excluded city under an interlocal agreement under IC 36-1-7.

(4) A member of the county police force who:

(A) was an employee beneficiary of the sheriff's pension trust before the consolidation of the law enforcement departments; and

(B) after the consolidation becomes a law enforcement officer of the consolidated law enforcement department; remains an employee beneficiary of the sheriff's pension trust. The member retains, after the consolidation, credit in the sheriff's pension trust for service earned while a member of the county police force and continues to earn service credit in the sheriff's pension trust as a member of the consolidated law enforcement department for purposes of determining the member's benefits from the sheriff's pension trust.

(5) A member of the police department of the consolidated city who:

(A) was a member of the 1953 fund or the 1977 fund before the consolidation of the law enforcement departments; and

(B) after the consolidation becomes a law enforcement officer of the consolidated law enforcement department; remains a member of the 1953 fund or the 1977 fund. The member retains, after the consolidation, credit in the 1953 fund or the 1977 fund for service earned while a member of the police department of the consolidated city and continues to earn service credit in the 1953 fund or the 1977 fund as a member of the consolidated law enforcement department for purposes of determining the member's benefits from the 1953 fund or the 1977 fund.

(6) The ordinance must designate the merit system that shall apply to the law enforcement officers of the consolidated law enforcement department.

(7) The ordinance must designate who shall serve as a coapplicant for a warrant or an extension of a warrant under IC 35-33.5-2.

(8) The consolidated city may levy property taxes within the consolidated city's maximum permissible ad valorem property tax levy limit to provide for the payment of the expenses for the operation of the consolidated law enforcement department. The police special service district established under section 6 of this chapter may levy property taxes to provide for the payment of expenses for the operation of the consolidated law enforcement department within the territory of the police special service district. Property taxes to fund the pension obligation under IC 36-8-7.5 may be levied only by the police special service district within the police special service district. The consolidated city may not levy property taxes to fund the pension obligation under IC 36-8-7.5. Property taxes to fund the pension obligation under IC 36-8-8 for members of the 1977 police officers' and firefighters' pension and disability fund who were members of the police department of the consolidated city on the effective date of the consolidation may be levied only by the police special service district within the police special service district. Property taxes to fund the pension obligation under IC 36-8-10 for members of the sheriff's pension trust and under IC 36-8-8 for members of the 1977 police officers' and firefighters' pension and disability fund who were not members of the police department of the consolidated city on the effective date of the consolidation may be levied by the consolidated city within the consolidated city's maximum permissible ad valorem property tax levy. The assets of the consolidated city's 1953 fund and the assets of the sheriff's pension trust may not be pledged after the effective date of the consolidation as collateral for any loan.

(9) The executive of the consolidated city shall provide for an independent evaluation and performance audit, due before March 1 of the year following the adoption of the consolidation ordinance and for the following two (2) years, to determine:

(A) the amount of any cost savings, operational efficiencies, or improved service levels; and

(B) any tax shifts among taxpayers; that result from the consolidation. The independent evaluation and performance audit must be provided to the legislative council in an electronic format under IC 5-14-6 and to the ~~state~~ budget committee.

SECTION 57. IC 36-8-10-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 21. (a) This section applies to any county that has a jail commissary that sells merchandise to inmates.

(b) A jail commissary fund is established, referred to in this section as "the fund". The fund is separate from the general fund, and money in the fund does not revert to the general fund.

(c) The sheriff, or ~~his~~ **the sheriff's** designee, shall deposit all money from commissary sales into the fund, which ~~he~~ **the sheriff or the sheriff's designee** shall keep in a depository designated under IC 5-13-8.

(d) The sheriff, or ~~his~~ **the sheriff's** designee, at ~~his~~ **the sheriff's or the sheriff's designee's** discretion and without appropriation by the county fiscal body, may disburse money from the fund for:

(1) merchandise for resale to inmates through the commissary;

(2) expenses of operating the commissary, including, but not limited to, facilities and personnel;

(3) special training in law enforcement for employees of the sheriff's department;

(4) equipment installed in the county jail;

(5) equipment, including vehicles and computers, computer software, communication devices, office machinery and furnishings, cameras and photographic equipment, animals, animal training, holding and feeding equipment and supplies, or attire used by an employee of the sheriff's department in the course of the employee's official duties;

(6) an activity provided to maintain order and discipline among the inmates of the county jail;

(7) an activity or program of the sheriff's department intended to reduce or prevent occurrences of criminal activity, including the following:

(A) Substance abuse.

(B) Child abuse.

(C) Domestic violence.

(D) Drinking and driving.

(E) Juvenile delinquency;

(8) expenses related to the establishment, operation, or maintenance of the sex **and violent** offender **registry** web site under IC 36-2-13-5.5; or

(9) any other purpose that benefits the sheriff's department that is mutually agreed upon by the county fiscal body and the county sheriff.

Money disbursed from the fund under this subsection must be supplemental or in addition to, rather than a replacement for, regular appropriations made to carry out the purposes listed in subdivisions (1) through (8).

(e) The sheriff shall maintain a record of the fund's receipts and disbursements. The state board of accounts shall prescribe the form for this record. The sheriff shall semiannually provide a copy of this record of receipts and disbursements to the county fiscal body. The semiannual reports are due on July 1 and December 31 of each year.

SECTION 58. [EFFECTIVE JULY 1, 2007] (a) **As used in this**

SECTION, "committee" refers to the sentencing policy study committee established by subsection (c).

(b) The general assembly finds that a comprehensive study of sentencing laws and policies is desirable in order to:

- (1) ensure that sentencing laws and policies protect the public safety;
- (2) establish fairness and uniformity in sentencing laws and policies;
- (3) determine whether incarceration or alternative sanctions are appropriate for various categories of criminal offenses; and
- (4) maximize cost effectiveness in the administration of sentencing laws and policies.

(c) The sentencing policy study committee is established to evaluate sentencing laws and policies as they relate to:

- (1) the purposes of the criminal justice and corrections systems;
- (2) the availability of sentencing options; and
- (3) the inmate population in department of correction facilities.

If, based on the committee's evaluation under this subsection, the committee determines changes are necessary or appropriate, the committee shall make recommendations to the general assembly for the modification of sentencing laws and policies and for the addition, deletion, or expansion of sentencing options.

(d) The committee shall do the following:

(1) Evaluate the existing classification of criminal offenses into felony and misdemeanor categories. In determining the proper category for each felony and misdemeanor, the committee shall consider, to the extent they have relevance, the following:

- (A) The nature and degree of harm likely to be caused by the offense, including whether the offense involves property, irreplaceable property, a person, a number of persons, or a breach of the public trust.
- (B) The deterrent effect a particular classification may have on the commission of the offense.
- (C) The current incidence of the offense in Indiana.
- (D) The rights of the victim.

(2) Recommend structures to be used by a sentencing court in determining the most appropriate sentence to be imposed in a criminal case, including any combination of imprisonment, probation, restitution, community service, or house arrest. The committee shall also consider the following:

- (A) The nature and characteristics of the offense.
- (B) The severity of the offense in relation to other offenses.
- (C) The characteristics of the defendant that mitigate or aggravate the seriousness of the criminal conduct and the punishment deserved for that conduct.
- (D) The number of the defendant's prior convictions.
- (E) The available resources and capacity of the department of correction, local confinement facilities, and community based sanctions.
- (F) The rights of the victim.

The committee shall include with each set of sentencing

structures an estimate of the effect of the sentencing structures on the department of correction and local facilities with respect to both fiscal impact and inmate population.

(3) Review community corrections and home detention programs for the purpose of:

- (A) standardizing procedures and establishing rules for the supervision of home detainees; and
- (B) establishing procedures for the supervision of home detainees by community corrections programs of adjoining counties.

(4) Determine the long range needs of the criminal justice and corrections systems and recommend policy priorities for those systems.

(5) Identify critical problems in the criminal justice and corrections systems and recommend strategies to solve the problems.

(6) Assess the cost effectiveness of the use of state and local funds in the criminal justice and corrections systems.

(7) Recommend a comprehensive community corrections strategy based on the following:

- (A) A review of existing community corrections programs.
- (B) The identification of additional types of community corrections programs necessary to create an effective continuum of corrections sanctions.
- (C) The identification of categories of offenders who should be eligible for sentencing to community corrections programs and the impact that changes to the existing system of community corrections programs would have on sentencing practices.
- (D) The identification of necessary changes in state oversight and coordination of community corrections programs.
- (E) An evaluation of mechanisms for state funding and local community participation in the operation and implementation of community corrections programs.
- (F) An analysis of the rate of recidivism of clients under the supervision of existing community corrections programs.

(8) Propose plans, programs, and legislation for improving the effectiveness of the criminal justice and corrections systems.

(9) Evaluate the use of faith based organizations as an alternative to incarceration.

(10) Study issues related to sex offenders, including:

- (A) lifetime parole;
- (B) GPS or other electronic monitoring;
- (C) a classification system for sex offenders;
- (D) recidivism; and
- (E) treatment.

(e) The committee may study other topics assigned by the legislative council or as directed by the committee chair. The committee may meet as often as necessary.

(f) The committee consists of twenty (20) members appointed as follows:

- (1) Four (4) members of the senate, not more than two (2) of whom may be affiliated with the same political party, to

be appointed by the president pro tempore of the senate.

(2) Four (4) members of the house of representatives, not more than two (2) of whom may be affiliated with the same political party, to be appointed by the speaker of the house of representatives.

(3) The chief justice of the supreme court or the chief justice's designee.

(4) The commissioner of the department of correction or the commissioner's designee.

(5) The director of the Indiana criminal justice institute or the director's designee.

(6) The executive director of the prosecuting attorneys council of Indiana or the executive director's designee.

(7) The executive director of the public defender council of Indiana or the executive director's designee.

(8) One (1) person with experience in administering community corrections programs, appointed by the governor.

(9) One (1) person with experience in administering probation programs, appointed by the governor.

(10) Two (2) judges who exercise juvenile jurisdiction, not more than one (1) of whom may be affiliated with the same political party, to be appointed by the governor.

(11) Two (2) judges who exercise criminal jurisdiction, not more than one (1) of whom may be affiliated with the same political party, to be appointed by the governor.

(12) One (1) board certified psychologist or psychiatrist who has expertise in treating sex offenders, appointed by the governor to act as a nonvoting advisor to the committee.

(g) The chairman of the legislative council shall appoint a legislative member of the committee to serve as the chairperson of the committee. Whenever there is a new chairman of the legislative council, the new chairman may remove the chairperson of the committee and appoint another chairperson.

(h) If a legislative member of the committee ceases to be a member of the chamber from which the member was appointed, the member also ceases to be a member of the committee.

(i) A legislative member of the committee may be removed at any time by the appointing authority who appointed the legislative member.

(j) If a vacancy exists on the committee, the appointing authority who appointed the former member whose position is vacant shall appoint an individual to fill the vacancy.

(k) The committee shall submit:

(1) an interim report of the results of its study to the legislative council before November 1, 2008; and

(2) a final report of the results of its study to the legislative council before November 1, 2010.

The interim and final reports must be in an electronic format under IC 5-14-6.

(l) The Indiana criminal justice institute shall provide staff support to the committee.

(m) Each member of the committee is entitled to receive the same per diem, mileage, and travel allowances paid to individuals who serve as legislative and lay members, respectively, of interim study committees established by the legislative council.

(n) The affirmative votes of a majority of the voting members appointed to the committee are required for the committee to take action on any measure, including the final report.

(o) Except as otherwise specifically provided by this act, the committee shall operate under the rules of the legislative council. All funds necessary to carry out this act shall be paid from appropriations to the legislative council and legislative services agency.

(p) This SECTION expires December 31, 2010.

SECTION 59. [EFFECTIVE JULY 1, 2007] IC 35-38-1-29, as added by this act, and IC 11-8-8-17, IC 11-8-8-18, IC 35-42-4-3, IC 35-42-4-6, IC 35-42-4-9, IC 35-42-4-10, IC 35-42-4-11, IC 35-44-3-13, IC 35-50-6-1(e), and IC 35-50-6-1(i), all as amended by this act, apply only to offenses committed after June 30, 2007.

SECTION 60. An emergency is declared for this act.

(Reference is to EHB 1386 as reprinted April 6, 2007.)

Lawson, Chair

Bray

Foley

Arnold

House Conferees

Senate Conferees

Roll Call 546: yeas 50, nays 0. Report adopted.

SENATE MOTION

Madam President: I move that Senate Rule 83(a) be suspended with regard to its application to the following Conference Committee Reports: 503-3, 1001-2, 206-1, and 1478-2.

LONG

Motion prevailed.

CONFERENCE COMMITTEE REPORT

ESB 206-1

Madam President: Your Conference Committee appointed to confer with a like committee from the House upon Engrossed House Amendments to Engrossed Senate Bill 206 respectfully reports that said two committees have conferred and agreed as follows to wit: that the Senate recede from its dissent from all House amendments and that the Senate now concur in all House amendments to the bill and that the bill be further amended as follows:

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 8-1-2-6.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6.1. (a) As used in this section, "clean coal technology" means a technology (including precombustion treatment of coal):

(1) that is used at a new or existing electric or steam generating facility and directly or indirectly reduces or avoids airborne emissions:

(A) of:

(i) carbon, sulfur, mercury, or nitrogen based pollutants; or

(ii) particulate matter;

(B) that are associated with the combustion or use of coal; and

(C) that are regulated, or reasonably anticipated by

the commission to be regulated, by:

- (i) the federal government;**
- (ii) the state;**
- (iii) a political subdivision of the state; or**
- (iv) any agency of a unit of government described in items (i) through (iii); and**

(2) that either:

- (A) is not in general commercial use at the same or greater scale in new or existing facilities in the United States as of January 1, 1989; or
- (B) has been selected by the United States Department of Energy for funding under its Innovative Clean Coal Technology program and is finally approved for such funding on or after January 1, 1989.

(b) As used in this section, "Indiana coal" means coal from a mine whose coal deposits are located in the ground wholly or partially in Indiana regardless of the location of the mine's tippel.

(c) Except as provided in subsection (d), the commission shall allow a utility to recover as operating expenses those expenses associated with:

- (1) research and development designed to increase use of Indiana coal; and
- (2) preconstruction costs (including design and engineering costs) associated with employing clean coal technology at a new or existing coal burning electric **or steam** generating facility if the commission finds that the facility:
 - (A) utilizes and will continue to utilize (as its primary fuel source) Indiana coal; or
 - (B) is justified, because of economic considerations or governmental requirements, in utilizing non-Indiana coal; after the technology is in place.

(d) The commission may only allow a utility to recover preconstruction costs as operating expenses on a particular project if the commission awarded a certificate under IC 8-1-8.7 for that project.

(e) The commission shall establish guidelines for determining recoverable expenses.

SECTION 2. IC 8-1-2-6.6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6.6. (a) As used in this section:

"Clean coal technology" means a technology (including precombustion treatment of coal):

- (1) that is used at a new or existing electric **or steam** generating facility and directly or indirectly reduces **or avoids** airborne emissions:
 - (A) of:
 - (i) carbon**, sulfur, **mercury**, or nitrogen based pollutants; **or**
 - (ii) particulate matter;**
 - (B) that are** associated with the combustion or use of coal; and
 - (C) that are regulated, or reasonably anticipated by the commission to be regulated, by:**
 - (i) the federal government;**
 - (ii) the state;**
 - (iii) a political subdivision of the state; or**
 - (iv) any agency of a unit of government described in items (i) through (iii); and**

(2) that either:

- (A) is not in general commercial use at the same or greater scale in new or existing facilities in the United States as of January 1, 1989; or
- (B) has been selected by the United States Department of Energy for funding under its Innovative Clean Coal Technology program and is finally approved for such funding on or after January 1, 1989.

"Indiana coal" means coal from a mine whose coal deposits are located in the ground wholly or partially in Indiana regardless of the location of the mine's tippel.

"Qualified pollution control property" means an air pollution control device on a coal burning electric **or steam** generating facility or any equipment that constitutes clean coal technology that has been approved for use by the commission, that meets applicable state or federal requirements, and that is designed to accommodate the burning of coal from the geological formation known as the Illinois Basin.

"Utility" refers to any electric **or steam** generating utility allowed by law to earn a return on its investment.

(b) Upon the request of a utility that began construction after October 1, 1985, and before March 31, 2002, of qualified pollution control property that is to be used and useful for the public convenience, the commission shall for ratemaking purposes add to the value of that utility's property the value of the qualified pollution control property under construction, but only if at the time of the application and thereafter:

- (1) the facility burns only Indiana coal as its primary fuel source once the air pollution control device is fully operational; or
- (2) the utility can prove to the commission that the utility is justified because of economic considerations or governmental requirements in utilizing some non-Indiana coal.

(c) The commission shall adopt rules under IC 4-22-2 to implement this section.

SECTION 3. IC 8-1-2-6.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6.7. (a) As used in this section, "clean coal technology" means a technology (including precombustion treatment of coal):

- (1) that is used in a new or existing electric **or steam** generating facility and directly or indirectly reduces **or avoids** airborne emissions:

- (A) of:
 - (i) carbon**, sulfur, **mercury**, or nitrogen based pollutants; **or**
 - (ii) particulate matter;**
- (B) that are** associated with the combustion or use of coal; and
- (C) that are regulated, or reasonably anticipated by the commission to be regulated, by:**
 - (i) the federal government;**
 - (ii) the state;**
 - (iii) a political subdivision of the state; or**
 - (iv) any agency of a unit of government described in items (i) through (iii); and**

(2) that either:

- (A) is not in general commercial use at the same or greater

scale in new or existing facilities in the United States as of January 1, 1989; or

(B) has been selected by the United States Department of Energy for funding under its Innovative Clean Coal Technology program and is finally approved for such funding on or after January 1, 1989.

(b) The commission shall allow a public or municipally owned electric **or steam** utility that incorporates clean coal technology to depreciate that technology over a period of not less than ten (10) years or the useful economic life of the technology, whichever is less and not more than twenty (20) years if it finds that the facility where the clean coal technology is employed:

- (1) utilizes and will continue to utilize (as its primary fuel source) Indiana coal; or
- (2) is justified, because of economic considerations or governmental requirements, in utilizing non-Indiana coal;

after the technology is in place.

SECTION 4. IC 8-1-2-6.8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6.8. (a) This section applies to a utility that begins construction of qualified pollution control property after March 31, 2002.

(b) As used in this section, "clean coal technology" means a technology (including precombustion treatment of coal):

- (1) that is used in a new or existing energy generating facility and directly or indirectly reduces **or avoids** airborne emissions:

(A) of:

- (i) **carbon**, sulfur, mercury, or nitrogen oxides;
- (ii) **particulate matter**; or
- (iii) other ~~regulated~~ air emissions;

(B) **that are** associated with the combustion or use of coal; and

(C) **that are regulated, or reasonably anticipated by the commission to be regulated, by:**

- (i) **the federal government**;
- (ii) **the state**;
- (iii) **a political subdivision of the state**; or
- (iv) **any agency of a unit of government described in items (i) through (iii); and**

(2) that either:

(A) was not in general commercial use at the same or greater scale in new or existing facilities in the United States at the time of enactment of the federal Clean Air Act Amendments of 1990 (P.L.101-549); or

(B) has been selected by the United States Department of Energy for funding under its Innovative Clean Coal Technology program and is finally approved for such funding on or after the date of enactment of the federal Clean Air Act Amendments of 1990 (P.L.101-549).

(c) As used in this section, "qualified pollution control property" means an air pollution control device on a coal burning energy generating facility or any equipment that constitutes clean coal technology that has been approved for use by the commission and that meets applicable state or federal requirements.

(d) As used in this section, "utility" refers to any energy generating utility allowed by law to earn a return on its investment.

(e) Upon the request of a utility that begins construction after

March 31, 2002, of qualified pollution control property that is to be used and useful for the public convenience, the commission shall for ratemaking purposes add to the value of that utility's property the value of the qualified pollution control property under construction.

(f) The commission shall adopt rules under IC 4-22-2 to implement this section.

SECTION 5. IC 8-1-2-6.9 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6.9. (a) As used in this section, "existing electric generating facility" means a facility:

- (1) **other than a new energy generating facility (as defined in IC 8-1-8.8-8);**
- (2) **that is used to generate electricity or steam;**
- (3) **that is associated with the combustion of coal or natural gas; and**
- (4) **that commenced commercial operation not later than May 1, 2007.**

(b) As used in this section, "regulated air emissions" means air emissions:

- (1) **from an electric generating facility;**
- (2) **that are:**
 - (A) **carbon, sulfur, mercury, or nitrogen based pollutants; or**
 - (B) **particulate matter; and**
- (3) **that are regulated, or reasonably anticipated by the commission to be regulated, by:**
 - (A) **the federal government;**
 - (B) **the state;**
 - (C) **a political subdivision of the state; or**
 - (D) **any agency of a unit of government described in clauses (A) through (C).**

(c) As used in this section, "regulated air emissions project" means a project designed to reduce or avoid regulated air emissions from an existing electric generating facility. The term does not include projects that provide offset programs, such as agricultural and forestry activities.

(d) An energy utility (as defined in IC 8-1-2.5-2) may petition the commission for approval of the construction, installation, and operation of a regulated air emissions project. If the commission finds, after notice and hearing, the proposed regulated air emissions project to be reasonable and necessary, the commission shall approve the project and provide the following incentives:

- (1) **The timely recovery of costs associated with the regulated air emissions project, including capital, operation, maintenance, depreciation, tax, and financing costs incurred during the construction and operation of the project.**
- (2) **The recovery of costs associated with:**
 - (A) **the purchase of emissions allowances; or**
 - (B) **the payment of emissions taxes;****arising from compliance with air emissions regulations.**

(e) **In addition to the incentives described in subsection (d), the commission may provide any other financial incentives the commission considers appropriate.**

SECTION 6. IC 8-1-8.7-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. As used in

this chapter, "clean coal technology" means a technology (including precombustion treatment of coal):

(1) that is used in a new or existing electric generating facility and directly or indirectly reduces **or avoids** airborne emissions:

(A) of:

(i) **carbon**, sulfur, **mercury**, or nitrogen based pollutants; **or**

(ii) **particulate matter**;

(B) **that are** associated with the combustion or use of coal; and

(C) **that are regulated, or reasonably anticipated by the commission to be regulated, by:**

(i) **the federal government**;

(ii) **the state**;

(iii) **a political subdivision of the state**; **or**

(iv) **any agency of a unit of government described in items (i) through (iii)**; and

(2) that either:

(A) is not in general commercial use at the same or greater scale in new or existing facilities in the United States as of January 1, 1989; or

(B) has been selected by the United States Department of Energy for funding under its Innovative Clean Coal Technology program and is finally approved for such funding on or after January 1, 1989.

SECTION 7. IC 8-1-8.7-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Except as provided in subsection (c), a public utility may not use clean coal technology at a new or existing electric generating facility without first applying for and obtaining from the commission a certificate that states that public convenience and necessity will be served by the use of clean coal technology.

(b) The commission shall issue a certificate of public convenience and necessity under subsection (a) if the commission finds that a clean coal technology project offers substantial potential of reducing ~~sulfur or nitrogen based~~ pollutants **described in section 1(1) of this chapter** in a more efficient manner than conventional technologies in general use as of January 1, 1989. For purposes of this chapter, a project that the United States Department of Energy has selected for funding under its Innovative Clean Coal Technology program and is finally approved for funding after December 31, 1988, is not considered a conventional technology in general use as of January 1, 1989. When determining whether to grant a certificate under this section, the commission shall examine the following factors:

(1) The costs for constructing, implementing, and using clean coal technology compared to the costs for conventional emission reduction facilities.

(2) Whether a clean coal technology project will also extend the useful life of an existing electric generating facility and the value of that extension.

(3) The potential reduction of ~~sulfur and nitrogen based~~ pollutants **described in section 1(1) of this chapter that can be** achieved by the proposed clean coal technology system.

(4) The reduction of ~~sulfur nitrogen based~~ pollutants **described in section 1(1) of this chapter that can be**

achieved by conventional pollution control equipment.

(5) Federal ~~sulfur and nitrogen based~~ pollutant emission standards.

(6) The likelihood of success of the proposed project.

(7) The cost and feasibility of the retirement of an existing electric generating facility.

(8) The dispatching priority for the facility utilizing clean coal technology, considering direct fuel costs, revenues and expenses of the utility, and environmental factors associated with byproducts resulting from the utilization of the clean coal technology.

(9) Any other factors the commission considers relevant, including whether the construction, implementation, and use of clean coal technology is in the public's interest.

(c) A public utility is not required to obtain a certificate under this chapter for a clean coal technology project that constitutes a research and development project that may be expensed under IC 8-1-2-6.1.

SECTION 8. IC 8-1-8.8-3, AS AMENDED BY HEA 1722-2007, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. As used in this chapter, "clean coal technology" means a technology (including precombustion treatment of coal):

(1) that is used in a new or existing energy **or steam** production or generating facility and directly or indirectly reduces **or avoids** airborne emissions:

(A) of:

(i) **carbon**, sulfur, mercury, or nitrogen oxides;

(ii) **particulate matter**; or

(iii) other ~~regulated~~ air emissions;

(B) **that are** associated with the combustion or use of coal; and

(C) **that are regulated, or reasonably anticipated by the commission to be regulated, by:**

(i) **the federal government**;

(ii) **the state**;

(iii) **a political subdivision of the state**; **or**

(iv) **any agency of a unit of government described in items (i) through (iii)**; and

(2) that either:

(A) was not in general commercial use at the same or greater scale in new or existing facilities in the United States at the time of enactment of the federal Clean Air Act Amendments of 1990 (P.L.101-549); or

(B) has been selected by the United States Department of Energy for funding or loan guaranty under an Innovative Clean Coal Technology or loan guaranty program under the Energy Policy Act of 2005, or any successor program, and is finally approved for such funding or loan guaranty on or after the date of enactment of the federal Clean Air Act Amendments of 1990 (P.L.101-549).

SECTION 9. [EFFECTIVE UPON PASSAGE] (a) **As used in this SECTION, "commission" refers to the Indiana utility regulatory commission created by IC 8-1-1-2.**

(b) **As used in this SECTION, "electric utility" means a public utility (as defined in IC 8-1-2-1(a)) that:**

(1) **provides retail electric service to:**

(A) **more than four hundred thousand (400,000); but**

- (B) less than five hundred thousand (500,000); retail electric customers in Indiana on April 1, 2007; and
- (2) has a service area that includes, among other counties, each of the counties described in IC 36-7-7.6-1.
- (c) As used in this SECTION, "electric utility holding company" means a corporation, company, partnership, or limited liability company that owns an electric utility.
- (d) As used in this SECTION, "regional public power authority" means a multicounty public power authority established to:
- (1) acquire the generation, transmission, and distribution assets of an electric utility or an electric utility holding company;
 - (2) own and operate the assets described in subdivision (1); and
 - (3) act as a nonprofit utility to provide retail electric service to residential, commercial, industrial, and governmental customers within the participating units.
- (e) Upon the request of the county executives of three (3) or more counties that are located in an electric utility's service area, the commission shall study the feasibility of establishing a regional public power authority. The study required by this subsection must include the following:
- (1) An examination of the need to:
 - (A) enact new state statutes or regulations; or
 - (B) amend existing state statutes or regulations;
 to permit the establishment of a regional public power authority.
 - (2) A valuation of the electric utility's generation, transmission, and distribution assets to be acquired by the regional public power authority.
 - (3) A study of:
 - (A) existing and potential funding sources or other mechanisms, including the use of eminent domain, available to the regional public power authority to acquire the assets described in subdivision (2); and
 - (B) the method for determining each participating unit's respective:
 - (i) contribution toward the acquisition of the assets; and
 - (ii) ownership interest in the assets acquired.
 - (4) A study of similarly sized public power authorities operating in the United States, including information on the assets, expenses, operations, management, and customer bases of the authorities, to the extent the information is available.
 - (5) A cost benefit analysis of establishing a regional public power authority.
 - (6) A determination of whether the establishment of a regional public power authority is in the public interest.
 - (7) An examination of any other issues concerning the establishment of a regional public power authority that the commission considers relevant or necessary for study.
- (f) As necessary to conduct the study required by subsection (e), the commission may:
- (1) make use of the commission's existing resources and technical staff;
 - (2) employ or consult with outside analysts, engineers,

experts, or other professionals; and

(3) consult with other:

(A) public power authorities operating in the United States; or

(B) state regulatory commissions that:

(i) regulate public power authorities; or

(ii) have conducted similar studies.

(g) Not later than December 31, 2007, the commission shall provide a report to the following on the commission's findings from the study conducted under subsection (e):

(1) The regulatory flexibility committee established by IC 8-1-2.6-4. The report provided to the regulatory flexibility committee under this subsection must be separate from the commission's annual report to the regulatory flexibility committee under IC 8-1-2.5-9(b).

(2) The legislative council. The report provided to the legislative council under this subsection must be in an electronic format under IC 5-14-6.

(3) The county executive of each county in the electric utility's service area on April 1, 2007.

(h) The report required by subsection (g) must contain the following:

(1) A summary of the commission's findings with respect to each issue set forth in subsection (e).

(2) Recommendations to the regulatory flexibility committee on any legislation needed to establish a regional public power authority.

(3) Any other findings or recommendations that the commission considers relevant or useful to the entities described in subsection (g).

(i) Before the commission submits its report under subsection (g), any entity described in subsection (g) may require the commission to provide one (1) or more status reports on the commission's study under subsection (e). A status report provided to the legislative council under this subsection must be in an electronic format under IC 5-14-6.

(j) The regulatory flexibility committee:

(1) shall review the analyses and recommendations of the commission contained in:

(A) any status reports provided by the commission under subsection (i); and

(B) the commission's final report provided under subsection (g); and

(2) may recommend to the general assembly any legislation that is necessary to establish a regional public power authority in Indiana, if the regulatory flexibility committee determines that the establishment of a regional public power authority is in the public interest.

(k) This SECTION does not empower the commission or any entity described in subsection (g) to require an electric utility to disclose confidential and proprietary business plans and other confidential information without adequate protection of the information. The commission and all entities described in subsection (g) shall exercise all necessary caution to avoid disclosure of confidential information supplied under this SECTION.

SECTION 10. An emergency is declared for this act.

(Reference is to ESB 206 as reprinted April 10, 2007.)

Gard, Chair	Crooks
Rogers	Lutz
Senate Conferees	House Conferees

Roll Call 547: yeas 30, nays 20. Report adopted.

CONFERENCE COMMITTEE REPORT
ESB 503-3

Madam President: Your Conference Committee appointed to confer with a like committee from the House upon Engrossed House Amendments to Engrossed Senate Bill 503 respectfully reports that said two committees have conferred and agreed as follows to wit: that the Senate recede from its dissent from all House amendments and that the Senate now concur in all House amendments to the bill and that the bill be further amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning health care.

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 12-15-15-1.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1.1. (a) This section applies to a hospital that is:

- (1) licensed under IC 16-21; and
- (2) established and operated under IC 16-22-2, IC 16-22-8, or IC 16-23.

(b) For a state fiscal year ending after June 30, 2003, in addition to reimbursement received under section 1 of this chapter, a hospital is entitled to reimbursement in an amount calculated as follows:

STEP ONE: The office shall identify the aggregate inpatient hospital services, reimbursable under this article and under the state Medicaid plan, that were provided during the state fiscal year by hospitals established and operated under IC 16-22-2, IC 16-22-8, or IC 16-23.

STEP TWO: For the aggregate inpatient hospital services identified under STEP ONE, the office shall calculate the aggregate payments made under this article and under the state Medicaid plan to hospitals established and operated under IC 16-22-2, IC 16-22-8, or IC 16-23, excluding payments under IC 12-15-16, IC 12-15-17, and IC 12-15-19. STEP THREE: The office shall calculate a reasonable estimate of the amount that would have been paid in the aggregate by the office for the inpatient hospital services described in STEP ONE under Medicare payment principles. STEP FOUR: Subtract the amount calculated under STEP TWO from the amount calculated under STEP THREE.

STEP FIVE: Subject to subsection (g), from the amount calculated under STEP FOUR, allocate to a hospital established and operated under IC 16-22-8 an amount ~~equal to~~ **not to exceed** one hundred percent (100%) of the difference between:

- (A) the total cost for the hospital's provision of inpatient services covered under this article for the hospital's fiscal year ending during the state fiscal year; and
- (B) the total payment to the hospital for its provision of inpatient services covered under this article for the hospital's fiscal year ending during the state fiscal year,

excluding payments under IC 12-15-16, IC 12-15-17, and IC 12-15-19.

STEP SIX: Subtract the amount calculated under STEP FIVE from the amount calculated under STEP FOUR.

STEP SEVEN: Distribute an amount equal to the amount calculated under STEP SIX to the eligible hospitals established and operated under IC 16-22-2 or IC 16-23 described in subsection (c) in ~~proportion to an amount not to exceed~~ each hospital's Medicaid shortfall as defined in subsection (f).

(c) Subject to subsection (e), reimbursement for a state fiscal year under this section consists of payments made after the close of each state fiscal year. ~~Payment for a state fiscal year ending after June 30, 2003, shall be made before December 31 following the state fiscal year's end.~~ A hospital is not eligible for a payment described in this subsection unless an intergovernmental transfer **or certification of expenditures** is made under subsection (d).

(d) Subject to subsection (e):

~~a hospital may make an intergovernmental transfer under this subsection; or~~ (1) an intergovernmental transfer may be made **by or** on behalf of the hospital; **or**

(2) **a certification of expenditures as eligible for federal financial participation may be made;**

after the close of each state fiscal year. An intergovernmental transfer under this subsection must be made to the Medicaid indigent care trust fund in an amount equal to a percentage, as determined by the office, of the amount to be distributed to the hospital under ~~STEP SEVEN of subsection (b).~~ ~~In determining the percentage, the office shall apply the same percentage of not more than eighty-five percent (85%) to all hospitals eligible for reimbursement under STEP SEVEN of subsection (b).~~ **this section.** The office shall use the intergovernmental transfer to fund payments made under this section. ~~and as otherwise provided under IC 12-15-20-2(8).~~

(e) A hospital ~~making that makes a certification of expenditures or makes or has~~ an intergovernmental transfer ~~made on the hospital's behalf~~ under ~~subsection (d)~~ **this section** may appeal under IC 4-21.5 the amount determined by the office to be paid the hospital under ~~STEP SEVEN of~~ subsection (b). The periods described in subsections (c) and (d) for the hospital **or another entity** to make an intergovernmental transfer **or certification of expenditures** are tolled pending the administrative appeal and any judicial review initiated by the hospital under IC 4-21.5. The distribution to other hospitals under ~~STEP SEVEN of~~ subsection (b) may not be delayed due to an administrative appeal or judicial review instituted by a hospital under this subsection. If necessary, the office may make a partial distribution to the other eligible hospitals under ~~STEP SEVEN of~~ subsection (b) pending the completion of a hospital's administrative appeal or judicial review, at which time the remaining portion of the payments due to the eligible hospitals shall be made. A partial distribution may be based upon estimates and trends calculated by the office.

(f) For purposes of this section:

(1) the Medicaid shortfall of a hospital established and operated under IC 16-22-2 or IC 16-23 is calculated as follows:

STEP ONE: The office shall identify the inpatient hospital

services, reimbursable under this article and under the state Medicaid plan, that were provided during the state fiscal year by the hospital.

STEP TWO: For the inpatient hospital services identified under STEP ONE, the office shall calculate the payments made under this article and under the state Medicaid plan to the hospital, excluding payments under IC 12-15-16, IC 12-15-17, and IC 12-15-19.

STEP THREE: The office shall calculate a reasonable estimate of the amount that would have been paid by the office for the inpatient hospital services described in STEP ONE under Medicare payment principles; and

- (2) a hospital's Medicaid shortfall is equal to the amount by which the amount calculated in STEP THREE of subdivision (1) is greater than the amount calculated in STEP TWO of subdivision (1).

(g) The actual distribution of the amount calculated under STEP FIVE of subsection (b) to a hospital established and operated under IC 16-22-8 shall be made under the terms and conditions provided for the hospital in the state plan for medical assistance. Payment to a hospital under STEP FIVE of subsection (b) is not a condition precedent to the tender of payments to hospitals under STEP SEVEN of subsection (b).

SECTION 2. IC 12-15-15-1.3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1.3. (a) This section applies to a hospital that is:

- (1) licensed under IC 16-21; and
- (2) established and operated under IC 16-22-2, IC 16-22-8, or IC 16-23.

(b) For a state fiscal year ending after June 30, 2003, in addition to reimbursement received under section 1 of this chapter, a hospital is entitled to reimbursement in an amount calculated as follows:

STEP ONE: The office shall identify the aggregate outpatient hospital services, reimbursable under this article and under the state Medicaid plan, that were provided during the state fiscal year by hospitals established and operated under IC 16-22-2, IC 16-22-8, or IC 16-23.

STEP TWO: For the aggregate outpatient hospital services identified under STEP ONE, the office shall calculate the aggregate payments made under this article and under the state Medicaid plan to hospitals established and operated under IC 16-22-2, IC 16-22-8, or IC 16-23, excluding payments under IC 12-15-16, IC 12-15-17, and IC 12-15-19.

STEP THREE: The office shall calculate a reasonable estimate of the amount that would have been paid in the aggregate by the office under Medicare payment principles for the outpatient hospital services described in STEP ONE.

STEP FOUR: Subtract the amount calculated under STEP TWO from the amount calculated under STEP THREE.

STEP FIVE: Subject to subsection (g), from the amount calculated under STEP FOUR, allocate to a hospital established and operated under IC 16-22-8 an amount ~~equal~~ **to not to exceed** one hundred percent (100%) of the difference between:

(A) the total cost for the hospital's provision of outpatient services covered under this article for the hospital's fiscal year ending during the state fiscal year; and

(B) the total payment to the hospital for its provision of outpatient services covered under this article for the hospital's fiscal year ending during the state fiscal year, excluding payments under IC 12-15-16, IC 12-15-17, and IC 12-15-19.

STEP SIX: Subtract the amount calculated under STEP FIVE from the amount calculated under STEP FOUR.

STEP SEVEN: Distribute an amount equal to the amount calculated under STEP SIX to the eligible hospitals established and operated under IC 16-22-2 or IC 16-23 described in subsection (c) in ~~proportion to an amount not to exceed~~ each hospital's Medicaid shortfall as defined in subsection (f).

~~(c) Subject to subsection (e), the reimbursement for a state fiscal year under this section consists of payments made before December 31 following the end of the state fiscal year. A hospital is not eligible for a payment described in this subsection unless:~~

- ~~(1) an intergovernmental transfer is made under subsection (d);~~ **by the hospital or on behalf of the hospital; or**
- (2) the hospital or another entity certifies the hospital's expenditures as eligible for federal financial participation.**

(d) Subject to subsection (e):

~~a hospital may make an intergovernmental transfer under this subsection; or~~ **(1) an intergovernmental transfer may be made by or on behalf of the hospital; or**

(2) a certification of expenditures as eligible for federal financial participation may be made;

after the close of each state fiscal year. An intergovernmental transfer under this subsection must be made to the Medicaid indigent care trust fund in an amount equal to a percentage, as determined by the office, of the amount to be distributed to the hospital under STEP SEVEN of subsection (b). ~~In determining the percentage, the office shall apply the same percentage of not more than eighty-five percent (85%) to all hospitals eligible for reimbursement under STEP SEVEN of subsection (b). The office shall use the intergovernmental transfer to fund payments made under this section. and as otherwise provided under IC 12-15-20-2(8).~~

(e) A hospital ~~making that makes a certification of expenditures or makes or has~~ an intergovernmental transfer ~~made on the hospital's behalf~~ under ~~subsection (d)~~ **this section** may appeal under IC 4-21.5 the amount determined by the office to be paid by the hospital under STEP SEVEN of subsection (b). The periods described in subsections (c) and (d) for the hospital **or other entity** to make an intergovernmental transfer **or certification of expenditures** are tolled pending the administrative appeal and any judicial review initiated by the hospital under IC 4-21.5. The distribution to other hospitals under ~~STEP SEVEN of~~ subsection (b) may not be delayed due to an administrative appeal or judicial review instituted by a hospital under this subsection. If necessary, the office may make a partial distribution to the other eligible hospitals under ~~STEP SEVEN of~~ subsection (b) pending the completion of a hospital's administrative appeal or judicial review, at which time the remaining portion of the payments due to the eligible hospitals must be made. A partial distribution may be calculated by the office based upon estimates and trends.

(f) For purposes of this section:

(1) the Medicaid shortfall of a hospital established and operated under IC 16-22-2 or IC 16-23 is calculated as follows:

STEP ONE: The office shall identify the outpatient hospital services, reimbursable under this article and under the state Medicaid plan, that were provided during the state fiscal year by the hospital.

STEP TWO: For the outpatient hospital services identified under STEP ONE, the office shall calculate the payments made under this article and under the state Medicaid plan to the hospital, excluding payments under IC 12-15-16, IC 12-15-17, and IC 12-15-19.

STEP THREE: The office shall calculate a reasonable estimate of the amount that would have been paid by the office for the outpatient hospital services described in STEP ONE under Medicare payment principles; and

(2) a hospital's Medicaid shortfall is equal to the amount by which the amount calculated in STEP THREE of subdivision (1) is greater than the amount calculated in STEP TWO of subdivision (1).

(g) The actual distribution of the amount calculated under STEP FIVE of subsection (b) to a hospital established and operated under IC 16-22-8 shall be made under the terms and conditions provided for the hospital in the state plan for medical assistance. Payment to a hospital under STEP FIVE of subsection (b) is not a condition precedent to the tender of payments to hospitals under STEP SEVEN of subsection (b).

SECTION 3. IC 12-15-15-1.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1.5. (a) This section applies to a hospital that:

- (1) is licensed under IC 16-21;
- (2) is not a unit of state or local government; and
- (3) is not owned or operated by a unit of state or local government.

(b) For a state fiscal year ending after June 30, 2003, **and before July 1, 2007**, in addition to reimbursement received under section 1 of this chapter, a hospital eligible under this section is entitled to reimbursement in an amount calculated as follows:

STEP ONE: The office shall identify the total inpatient hospital services and the total outpatient hospital services, reimbursable under this article and under the state Medicaid plan, that were provided during the state fiscal year by the hospitals described in subsection (a).

STEP TWO: For the total inpatient hospital services and the total outpatient hospital services identified under STEP ONE, the office shall calculate the aggregate payments made under this article and under the state Medicaid plan to hospitals described in subsection (a), excluding payments under IC 12-15-16, IC 12-15-17, and IC 12-15-19.

STEP THREE: The office shall calculate a reasonable estimate of the amount that would have been paid in the aggregate by the office for the inpatient hospital services and the outpatient hospital services identified in STEP ONE under Medicare payment principles.

STEP FOUR: Subtract the amount calculated under STEP TWO from the amount calculated under STEP THREE.

STEP FIVE: Distribute an amount equal to the amount

calculated under STEP FOUR to the eligible hospitals described in subsection (a) as follows:

(A) Subject to the availability of funds under IC 12-15-20-2(8)(D) to serve as the non-federal share of such payment, the first ten million dollars (\$10,000,000) of the amount calculated under STEP FOUR for a state fiscal year shall be paid to a hospital described in subsection (a) that has more than ~~seventy~~ **sixty** thousand ~~(70,000)~~ **(60,000)** Medicaid inpatient days.

(B) Following the payment to the hospital under clause (A) and subject to the availability of funds under IC 12-15-20-2(8)(D) to serve as the non-federal share of such payments, the remaining amount calculated under STEP FOUR for a state fiscal year shall be paid to all hospitals described in subsection (a). The payments shall be made on a pro rata basis based on the hospitals' Medicaid inpatient days or other payment methodology approved by the Centers for Medicare and Medicaid Services. **For purposes of this clause, a hospital's Medicaid inpatient days are the hospital's in-state and paid Medicaid fee for service and managed care days for the state fiscal year for which services are identified under STEP ONE, as determined by the office.**

(C) Subject to IC 12-15-20.7, in the event the entirety of the amount calculated under STEP FOUR is not distributed following the payments made under clauses (A) and (B), the remaining amount may be paid to hospitals described in subsection (a) that are eligible under this clause. A hospital is eligible for a payment under this clause only if the non-federal share of the hospital's payment is provided by or on behalf of the hospital. The remaining amount shall be paid to those eligible hospitals:

- (i) on a pro rata basis in relation to all hospitals eligible under this clause based on the hospitals' Medicaid inpatient days; or
- (ii) other payment methodology **determined by the office and** approved by the Centers for Medicare and Medicaid Services.

~~(D) For purposes of the clauses (A), (B) and (C), a hospital's Medicaid inpatient days are based on the Medicaid inpatient days allowed for the hospital by the office for purposes of the office's most recent determination of eligibility for the Medicaid disproportionate payment program under IC 12-15-16.~~

(c) Reimbursement for a state fiscal year under this section consists of payments made after the close of each state fiscal year. Payment for a state fiscal year ending after June 30, 2003, shall be made before December 31 following the end of the state fiscal year. **As used in this subsection, "Medicaid supplemental payments" means Medicaid payments for hospitals that are in addition to Medicaid fee-for-service payments, Medicaid risk-based managed care payments, and Medicaid disproportionate share payments, and that are included in the Medicaid state plan, including Medicaid safety-net payments, and payments made under sections 1.1, 1.3, 1.5, 9, and 9.5 of this chapter. For a state fiscal year ending after June 30, 2007, in addition to the reimbursement received under section 1 of this chapter, a**

hospital eligible under this section is entitled to reimbursement in an amount calculated as follows:

STEP ONE: The office shall identify the total inpatient hospital services and the total outpatient hospital services reimbursable under this article and under the state Medicaid plan that were provided during the state fiscal year for all hospitals described in subsection (a).

STEP TWO: For the total inpatient hospital services and the total outpatient hospital services identified in STEP ONE, the office shall calculate the total payments made under this article and under the state Medicaid plan to all hospitals described in subsection (a). A calculation under this STEP excludes a payment made under the following:

(A) IC 12-15-16.

(B) IC 12-15-17.

(C) IC 12-15-19.

STEP THREE: The office shall calculate, under Medicare payment principles, a reasonable estimate of the total amount that would have been paid by the office for the inpatient hospital services and the outpatient hospital services identified in STEP ONE.

STEP FOUR: Subtract the amount calculated under STEP TWO from the amount calculated under STEP THREE.

STEP FIVE: Distribute an amount equal to the amount calculated under STEP FOUR to the eligible hospitals described in subsection (a) as follows:

(A) As used in this clause, "Medicaid inpatient days" are the hospital's in-state paid Medicaid fee for service and risk-based managed care days for the state fiscal year for which services are identified under STEP ONE, as determined by the office. Subject to the availability of funds transferred to the Medicaid indigent care trust fund under STEP FOUR of IC 12-16-7.5-4.5(c) and remaining in the Medicaid indigent care trust fund under IC 12-15-20-2(8)(G) to serve as the non-federal share of the payments, the amount calculated under STEP FOUR for a state fiscal year shall be paid to all hospitals described in subsection (a). The payments shall be made on a pro rata basis, based on the hospitals' Medicaid inpatient days or in accordance with another payment methodology determined by the office and approved by the Centers for Medicare and Medicaid Services.

(B) Subject to IC 12-15-20.7, if the entire amount calculated under STEP FOUR is not distributed following the payments made under clause (A), the remaining amount shall be paid as described in clauses (C) and (D) to a hospital that is described in subsection (a) and that is described as eligible under this clause. A hospital is eligible for a payment under clause (C) only if the hospital:

(i) has less than sixty thousand (60,000) Medicaid inpatient days annually;

(ii) was eligible for Medicaid disproportionate share hospital payments in the state fiscal year ending June 30, 1998, or the hospital met the office's Medicaid disproportionate share payment criteria

based upon state fiscal year 1998 data and received a Medicaid disproportionate share payment for the state fiscal year ending June 30, 2001; and
(iii) received a Medicaid disproportionate share payment under IC 12-15-19-2.1 for state fiscal years 2001, 2002, 2003, and 2004.

The payment amount under clause (C) for an eligible hospital is subject to the availability of the non-federal share of the hospital's payment being provided by the hospital or on behalf of the hospital.

(C) For state fiscal years ending after June 30, 2007, but before July 1, 2009, payments to eligible hospitals described in clause (B) shall be made as follows:

(i) The payment to an eligible hospital that merged two (2) hospitals under a single Medicaid provider number effective January 1, 2004, shall equal one hundred percent (100%) of the hospital's hospital-specific limit for the state fiscal year ending June 30, 2005, when the payment is combined with any Medicaid disproportionate share payment made under IC 12-15-19-2.1, Medicaid, and other Medicaid supplemental payments, paid or to be paid to the hospital for a state fiscal year.

(ii) The payment to an eligible hospital described in clause (B) other than a hospital described in item (i) shall equal one hundred percent (100%) of the hospital's hospital specific limit for the state fiscal year ending June 30, 2004, when the payment is combined with any Medicaid disproportionate share payment made under IC 12-15-19-2.1, Medicaid, and other Medicaid supplemental payments, paid or to be paid to the hospital for a state fiscal year.

(D) For state fiscal years beginning after June 30, 2009, payments to an eligible hospital described in clause (B) shall be made in a manner determined by the office.

(E) Subject to IC 12-15-20.7, if the entire amount calculated under STEP FOUR is not distributed following the payments made under clause (A), and clauses (C) or (D), the remaining amount may be paid as described in clause (F) to a hospital described in subsection (a) that is described as eligible under this clause. A hospital is eligible for a payment for a state fiscal year under clause (F) if the hospital:

(i) is eligible to receive Medicaid disproportionate share payments for the state fiscal year for which the Medicaid disproportionate share payment is attributable under IC 12-15-19-2.1, for a state fiscal year ending after June 30, 2007; and

(ii) does not receive a payment under clauses (C) or (D) for the state fiscal year.

A payment to a hospital under this clause is subject to the availability of non-federal matching funds.

(F) Payments to eligible hospitals described in clause (E) shall be made:

(i) to best use federal matching funds available for hospitals that are eligible for Medicaid disproportionate share payments under IC 12-15-19-2.1; and

(ii) by using a methodology that allocates available funding under this clause, Medicaid supplemental payments, and payments under IC 12-15-19-2.1, in a manner in which all hospitals eligible under clause (E) receive payments in a manner that takes into account the situation of eligible hospitals that have historically qualified for Medicaid disproportionate share payments and ensures that payments for eligible hospitals are equitable.

(G) If the Centers for Medicare and Medicaid Services does not approve the payment methodologies in clauses (A) through (F), the office may implement alternative payment methodologies, that are eligible for federal financial participation, to implement a program consistent with the payments for hospitals described in clauses (A) through (F).

(d) A hospital described in subsection (a) may appeal under IC 4-21.5 the amount determined by the office to be paid to the hospital under STEP FIVE of ~~subsection~~ subsections (b) or (c). The distribution to other hospitals under STEP FIVE of subsection (b) or (c) may not be delayed due to an administrative appeal or judicial review instituted by a hospital under this subsection. If necessary, the office may make a partial distribution to the other eligible hospitals under STEP FIVE of subsection (b) or (c) pending the completion of a hospital's administrative appeal or judicial review, at which time the remaining portion of the payments due to the eligible hospitals shall be made. A partial distribution may be based on estimates and trends calculated by the office.

SECTION 4. IC 12-15-15-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) For purposes of this section and IC 12-16-7.5-4.5, a payable claim is attributed to a county if the payable claim is submitted to the division by a hospital licensed under IC 16-21-2 for payment under IC 12-16-7.5 for care provided by the hospital to an individual who qualifies for the hospital care for the indigent program under IC 12-16-3.5-1 or IC 12-16-3.5-2 and:

- (1) who is a resident of the county;
- (2) who is not a resident of the county and for whom the onset of the medical condition that necessitated the care occurred in the county; or
- (3) whose residence cannot be determined by the division and for whom the onset of the medical condition that necessitated the care occurred in the county.

(b) For each state fiscal year ending after June 30, 2003, and before July 1, 2007, a hospital licensed under IC 16-21-2 that submits to the division during the state fiscal year a payable claim under IC 12-16-7.5 is entitled to a payment under ~~this section:~~ subsection (c).

(c) Except as provided in section 9.8 of this chapter and subject to section 9.6 of this chapter, for a state fiscal year, the office shall pay to a hospital referred to in subsection (b) an amount equal to the amount, based on information obtained from the division and the calculations and allocations made under IC 12-16-7.5-4.5, that the office determines for the hospital under STEP SIX of the following STEPS:

STEP ONE: Identify:

- (A) each hospital that submitted to the division one (1) or more payable claims under IC 12-16-7.5 during the state

fiscal year; and

(B) the county to which each payable claim is attributed.

STEP TWO: For each county identified in STEP ONE, identify:

(A) each hospital that submitted to the division one (1) or more payable claims under IC 12-16-7.5 attributed to the county during the state fiscal year; and

(B) the total amount of all hospital payable claims submitted to the division under IC 12-16-7.5 attributed to the county during the state fiscal year.

STEP THREE: For each county identified in STEP ONE, identify the amount of county funds transferred to the Medicaid indigent care trust fund under ~~STEP FOUR of IC 12-16-7.5-4.5(b):~~ IC 12-16-7.5-4.5.

STEP FOUR: For each hospital identified in STEP ONE, with respect to each county identified in STEP ONE, calculate the hospital's percentage share of the county's funds transferred to the Medicaid indigent care trust fund under ~~STEP FOUR of IC 12-16-7.5-4.5(b):~~ IC 12-16-7.5-4.5. Each hospital's percentage share is based on the total amount of the hospital's payable claims submitted to the division under IC 12-16-7.5 attributed to the county during the state fiscal year, calculated as a percentage of the total amount of all hospital payable claims submitted to the division under IC 12-16-7.5 attributed to the county during the state fiscal year.

STEP FIVE: Subject to subsection (j), for each hospital identified in STEP ONE, with respect to each county identified in STEP ONE, multiply the hospital's percentage share calculated under STEP FOUR by the amount of the county's funds transferred to the Medicaid indigent care trust fund under ~~STEP FOUR of IC 12-16-7.5-4.5(b):~~ IC 12-16-7.5-4.5.

STEP SIX: Determine the sum of all amounts calculated under STEP FIVE for each hospital identified in STEP ONE with respect to each county identified in STEP ONE.

(d) For state fiscal years beginning after June 30, 2007, a hospital that received a payment determined under STEP SIX of subsection (c) for the state fiscal year ending June 30, 2007, shall be paid in an amount equal to the amount determined for the hospital under STEP SIX of subsection (c) for the state fiscal year ending June 30, 2007.

~~(d)~~ (e) A hospital's payment under subsection (c) or (d) is in the form of a Medicaid ~~add-on~~ supplemental payment. The amount of a hospital's ~~add-on~~ Medicaid supplemental payment is subject to the availability of funding for the non-federal share of the payment under subsection ~~(e):~~ (f). The office shall make the payments under subsection (c) and (d) before December 15 that next succeeds the end of the state fiscal year.

~~(e)~~ (f) The non-federal share of a payment to a hospital under subsection (c) or (d) is funded from the funds transferred to the Medicaid indigent care trust fund under ~~STEP FOUR of IC 12-16-7.5-4.5(b) of each county to which a payable claim under IC 12-16-7.5 submitted to the division during the state fiscal year by the hospital is attributed:~~ IC 12-16-7.5-4.5.

~~(f)~~ (g) The amount of a county's transferred funds available to be used to fund the non-federal share of a payment to a hospital under subsection (c) is an amount that bears the same proportion to the

total amount of funds of the county transferred to the Medicaid indigent care trust fund under ~~STEP FOUR of IC 12-16-7.5-4.5(b)~~ **IC 12-16-7.5-4.5** that the total amount of the hospital's payable claims under IC 12-16-7.5 attributed to the county submitted to the division during the state fiscal year bears to the total amount of all hospital payable claims under IC 12-16-7.5 attributed to the county submitted to the division during the state fiscal year.

~~(g)~~ **(h)** Any county's funds identified in subsection ~~(f)~~ **(g)** that remain after the non-federal share of a hospital's payment has been funded are available to serve as the non-federal share of a payment to a hospital under section 9.5 of this chapter.

~~(h)~~ **(i)** For purposes of this section, "payable claim" has the meaning set forth in IC 12-16-7.5-2.5(b)(1).

~~(i)~~ **(j)** For purposes of ~~this section:~~ **subsection (c):**

(1) the amount of a payable claim is an amount equal to the amount the hospital would have received under the state's fee-for-service Medicaid reimbursement principles for the hospital care for which the payable claim is submitted under IC 12-16-7.5 if the individual receiving the hospital care had been a Medicaid enrollee; and

(2) a payable hospital claim under IC 12-16-7.5 includes a payable claim under IC 12-16-7.5 for the hospital's care submitted by an individual or entity other than the hospital, to the extent permitted under the hospital care for the indigent program.

~~(j)~~ **(k)** The amount calculated under STEP FIVE of subsection (c) for a hospital with respect to a county may not exceed the total amount of the hospital's payable claims attributed to the county during the state fiscal year.

SECTION 5. IC 12-15-15-9.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9.5. (a) For purposes of this section and IC 12-16-7.5-4.5, a payable claim is attributed to a county if the payable claim is submitted to the division by a hospital licensed under IC 16-21-2 for payment under IC 12-16-7.5 for care provided by the hospital to an individual who qualifies for the hospital care for the indigent program under IC 12-16-3.5-1 or IC 12-16-3.5-2 and;

(1) who is a resident of the county;

(2) who is not a resident of the county and for whom the onset of the medical condition that necessitated the care occurred in the county; or

(3) whose residence cannot be determined by the division and for whom the onset of the medical condition that necessitated the care occurred in the county.

(b) For each state fiscal year ending after June 30, 2003, but before July 1, 2007, a hospital licensed under IC 16-21-2:

(1) that submits to the division during the state fiscal year a payable claim under IC 12-16-7.5; and

(2) whose payment under section 9(c) of this chapter was less than the total amount of the hospital's payable claims under IC 12-16-7.5 submitted by the hospital to the division during the state fiscal year;

is entitled to a payment under ~~this section:~~ **subsection (c).**

(c) Except as provided in section 9.8 of this chapter and subject to section 9.6 of this chapter, for a state fiscal year, the office shall pay to a hospital referred to in subsection (b) an amount equal to the amount, based on information obtained from the division and the

calculations and allocations made under IC 12-16-7.5-4.5, that the office determines for the hospital under STEP EIGHT of the following STEPS:

STEP ONE: Identify each county whose transfer of funds to the Medicaid indigent care trust fund under ~~STEP FOUR of IC 12-16-7.5-4.5(b)~~ **IC 12-16-7.5-4.5** for the state fiscal year was less than the total amount of all hospital payable claims attributed to the county and submitted to the division during the state fiscal year.

STEP TWO: For each county identified in STEP ONE, calculate the difference between the amount of funds of the county transferred to the Medicaid indigent care trust fund under ~~STEP FOUR of IC 12-16-7.5-4.5(b)~~ **IC 12-16-7.5-4.5** and the total amount of all hospital payable claims attributed to the county and submitted to the division during the state fiscal year.

STEP THREE: Calculate the sum of the amounts calculated for the counties under STEP TWO.

STEP FOUR: Identify each hospital whose payment under section 9(c) of this chapter was less than the total amount of the hospital's payable claims under IC 12-16-7.5 submitted by the hospital to the division during the state fiscal year.

STEP FIVE: Calculate for each hospital identified in STEP FOUR the difference between the hospital's payment under section 9(c) of this chapter and the total amount of the hospital's payable claims under IC 12-16-7.5 submitted by the hospital to the division during the state fiscal year.

STEP SIX: Calculate the sum of the amounts calculated for each of the hospitals under STEP FIVE.

STEP SEVEN: For each hospital identified in STEP FOUR, calculate the hospital's percentage share of the amount calculated under STEP SIX. Each hospital's percentage share is based on the amount calculated for the hospital under STEP FIVE calculated as a percentage of the sum calculated under STEP SIX.

STEP EIGHT: For each hospital identified in STEP FOUR, multiply the hospital's percentage share calculated under STEP SEVEN by the sum calculated under STEP THREE. The amount calculated under this STEP for a hospital may not exceed the amount by which the hospital's total payable claims under IC 12-16-7.5 submitted during the state fiscal year exceeded the amount of the hospital's payment under section 9(c) of this chapter.

(d) For state fiscal years beginning after June 30, 2007, a hospital that received a payment determined under STEP EIGHT of subsection (c) for the state fiscal year ending June 30, 2007, shall be paid an amount equal to the amount determined for the hospital under STEP EIGHT of subsection (c) for the state fiscal year ending June 30, 2007.

~~(d)~~ **(e)** A hospital's payment under subsection (c) ~~or (d)~~ is in the form of a Medicaid ~~add-on~~ **supplemental** payment. The amount of the hospital's add-on payment is subject to the availability of funding for the non-federal share of the payment under subsection ~~(e)~~: **(f)**. The office shall make the payments under subsection (c) ~~or (d)~~ before December 15 that next succeeds the end of the state fiscal year.

~~(e)~~ **(f)** The non-federal share of a payment to a hospital under

subsection (c) ~~or (d)~~ is derived from funds transferred to the Medicaid indigent care trust fund under ~~STEP FOUR of IC 12-16-7.5-4.5(b)~~ **IC 12-16-7.5-4.5** and not expended under section 9 of this chapter. ~~To the extent possible, the funds shall be derived on a proportional basis from the funds transferred by each county identified in subsection (c); STEP ONE:~~

- ~~(1) to which at least one (1) payable claim submitted by the hospital to the division during the state fiscal year is attributed; and~~
- ~~(2) whose funds transferred to the Medicaid indigent care trust fund under STEP FOUR of IC 12-16-7.5-4.5(b) were not completely expended under section 9 of this chapter.~~

The amount available to be derived from the remaining funds transferred to the Medicaid indigent care trust fund under ~~STEP FOUR of IC 12-16-7.5-4.5(b)~~ to serve as the non-federal share of the payment to a hospital under subsection (c) is an amount that bears the same proportion to the total amount of funds transferred by all the counties identified in subsection (c); ~~STEP ONE~~; that the amount calculated for the hospital under subsection (c); ~~STEP FIVE~~; bears to the amount calculated under subsection (c); ~~STEP SIX~~.

~~(f) (g)~~ Except as provided in subsection ~~(g)~~; ~~(h)~~, the office may not make a payment under this section until the payments due under section 9 of this chapter for the state fiscal year have been made.

~~(g) (h)~~ If a hospital appeals a decision by the office regarding the hospital's payment under section 9 of this chapter, the office may make payments under this section before all payments due under section 9 of this chapter are made if:

- (1) a delay in one (1) or more payments under section 9 of this chapter resulted from the appeal; and
- (2) the office determines that making payments under this section while the appeal is pending will not unreasonably affect the interests of hospitals eligible for a payment under this section.

~~(h) (i)~~ Any funds transferred to the Medicaid indigent care trust fund under ~~STEP FOUR of IC 12-16-7.5-4.5(b)~~ **IC 12-16-7.5-4.5** remaining after payments are made under this section shall be used as provided in ~~IC 12-15-20-2(8)(D)~~; **IC 12-15-20-2(8)**.

(i) For purposes of ~~this section~~; **subsection (c)**:

- (1) "payable claim" has the meaning set forth in IC 12-16-7.5-2.5(b);
- (2) the amount of a payable claim is an amount equal to the amount the hospital would have received under the state's fee-for-service Medicaid reimbursement principles for the hospital care for which the payable claim is submitted under IC 12-16-7.5 if the individual receiving the hospital care had been a Medicaid enrollee; and
- (3) a payable hospital claim under IC 12-16-7.5 includes a payable claim under IC 12-16-7.5 for the hospital's care submitted by an individual or entity other than the hospital, to the extent permitted under the hospital care for the indigent program.

SECTION 6. IC 12-15-15-9.6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9.6. **For state fiscal years beginning after June 30, 2007**, the total amount of payments to hospitals under sections 9 and 9.5 of this chapter may not exceed the amount ~~transferred to the Medicaid indigent care~~

~~trust fund under STEP FOUR of IC 12-16-7.5-4.5(b)~~; **paid to hospitals under sections 9 and 9.5 of this chapter for the state fiscal year ending June 30, 2007.**

SECTION 7. IC 12-15-15-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) This section applies to a hospital that:

- (1) is licensed under IC 16-21; and
- (2) qualifies as a provider under **IC 12-15-16, IC 12-15-17, or IC 12-15-19** of the Medicaid disproportionate share provider program.

(b) The office may, after consulting with affected providers, do one (1) or more of the following:

- ~~(1) Expand the payment program established under section 1-1(b) of this chapter to include all hospitals described in subsection (a);~~
- ~~(2) (1) Establish a nominal charge hospital payment program.~~
- ~~(3) (2) Establish any other permissible payment program.~~

(c) A program expanded or established under this section is subject to the availability of:

- (1) intergovernmental transfers; ~~or~~
- (2) funds certified as being eligible for federal financial participation; ~~or~~
- (3) other permissible sources of non-federal share dollars.**

(d) The office may not implement a program under this section until the federal Centers for Medicare and Medicaid Services approves the provisions regarding the program in the amended state plan for medical assistance.

(e) The office may determine not to continue to implement a program established under this section if federal financial participation is not available.

SECTION 8. IC 12-15-19-2.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2.1. (a) For each state fiscal year ending on or after June 30, 2000, the office shall develop a disproportionate share payment methodology that ensures that each hospital qualifying for disproportionate share payments under IC 12-15-16-1(a) timely receives total disproportionate share payments that do not exceed the hospital's hospital specific limit provided under 42 U.S.C. 1396r-4(g). The payment methodology as developed by the office must:

- (1) maximize disproportionate share hospital payments to qualifying hospitals to the extent practicable;
- (2) take into account the situation of those qualifying hospitals that have historically qualified for Medicaid disproportionate share payments; and
- (3) ensure that payments ~~net of intergovernmental transfers made by or on behalf of for~~ qualifying hospitals are equitable.

(b) Total disproportionate share payments to a hospital under this chapter shall not exceed the hospital specific limit provided under 42 U.S.C. 1396r-4(g). The hospital specific limit for a state fiscal year shall be determined by the office taking into account data provided by each hospital that is considered reliable by the office based on a system of periodic audits, the use of trending factors, and an appropriate base year determined by the office. The office may require independent certification of data provided by a hospital to determine the hospital's hospital specific limit.

(c) The office shall include a provision in each amendment to the state plan regarding Medicaid disproportionate share payments that

the office submits to the federal Centers for Medicare and Medicaid Services that, as provided in 42 CFR 447.297(d)(3), allows the state to make additional disproportionate share expenditures after the end of each federal fiscal year that relate back to a prior federal fiscal year. However, the total disproportionate share payments to:

- (1) each individual hospital; and
- (2) all qualifying hospitals in the aggregate;

may not exceed the limits provided by federal law and regulation.

~~(d) The office shall, in each state fiscal year, provide sufficient funds for acute care hospitals licensed under IC 16-21 that qualify for disproportionate share payments under IC 12-15-16-1(a). Funds provided under this subsection:~~

- ~~(1) do not include funds transferred by other governmental units to the Medicaid indigent care trust fund; and~~
- ~~(2) must be in an amount equal to the amount that results from the following calculation:~~

~~STEP ONE: Multiply twenty-six million dollars (\$26,000,000) by the federal medical assistance percentage;~~

~~STEP TWO: Subtract the amount determined under STEP ONE from twenty-six million dollars (\$26,000,000).~~

SECTION 9. IC 12-15-19-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) The office is not required to make disproportionate share payments under this chapter from the Medicaid indigent care trust fund established by IC 12-15-20-1 until the fund has received sufficient deposits, **including intergovernmental transfers of funds and certifications of expenditures**, to permit the office to make the state's share of the required disproportionate share payments.

(b) For state fiscal years beginning after June 30, 2006, if:

- (1) sufficient deposits have not been received; or
- (2) **the statewide Medicaid disproportionate share allocation is insufficient to provide federal financial participation for the entirety of all eligible disproportionate share hospitals' hospital-specific limits;**

the office shall reduce disproportionate share payments **made under IC 12-15-19-2.1 and Medicaid safety-net payments made in accordance with the Medicaid state plan to all eligible institutions by the same percentage; using an equitable methodology consistent with subsection (c).**

(c) For state fiscal years beginning after June 30, 2006, payments reduced under this section shall, in accordance with the Medicaid state plan, be made:

- (1) to best utilize federal matching funds available for hospitals eligible for Medicaid disproportionate share payments under IC 12-15-19-2.1; and
- (2) by utilizing a methodology that allocates available funding under this subdivision, and Medicaid supplemental payments as defined in IC 12-15-15-1.5, in a manner that all hospitals eligible for Medicaid disproportionate share payments under IC 12-15-19-2.1 receive payments using a methodology that:

(A) takes into account the situation of the eligible hospitals that have historically qualified for Medicaid disproportionate share payments; and

(B) ensures that payments for eligible hospitals are equitable.

(d) The percentage reduction shall be sufficient to ensure that

payments do not exceed the **statewide Medicaid disproportionate share allocation or the** amounts that can be financed with:

- ~~(1) the state share that is in the amount transferred from the hospital care for the indigent trust fund;~~
- ~~(2) other intergovernmental transfers;~~
- ~~(3) certifications of public expenditures; or~~
- ~~(4) any other permissible sources of non-federal match.~~

SECTION 10. IC 12-15-20-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. The Medicaid indigent care trust fund is established to pay the non-federal share of the following:

- (1) Enhanced disproportionate share payments to providers under IC 12-15-19-1.
- (2) Subject to subdivision (8), disproportionate share payments to providers under IC 12-15-19-2.1.
- (3) Medicaid payments for pregnant women described in IC 12-15-2-13 and infants and children described in IC 12-15-2-14.
- (4) Municipal disproportionate share payments to providers under IC 12-15-19-8.
- (5) Payments to hospitals under IC 12-15-15-9.
- (6) Payments to hospitals under IC 12-15-15-9.5.
- (7) Payments, funding, and transfers as otherwise provided in clauses (8)(D), ~~and~~ (8)(F), **and (8)(G).**
- (8) Of the intergovernmental transfers deposited into the Medicaid indigent care trust fund, the following apply:

(A) The entirety of the intergovernmental transfers deposited into the Medicaid indigent care trust fund for state fiscal years ending on or before June 30, 2000, shall be used to fund the state's share of the disproportionate share payments to providers under IC 12-15-19-2.1.

(B) Of the intergovernmental transfers deposited into the Medicaid indigent care trust fund for the state fiscal year ending June 30, 2001, an amount equal to one hundred percent (100%) of the total intergovernmental transfers deposited into the Medicaid indigent care trust fund for the state fiscal year beginning July 1, 1998, and ending June 30, 1999, shall be used to fund the state's share of disproportionate share payments to providers under IC 12-15-19-2.1. The remainder of the intergovernmental transfers, if any, for the state fiscal year shall be used to fund the state's share of additional Medicaid payments to hospitals licensed under IC 16-21 pursuant to a methodology adopted by the office.

(C) Of the intergovernmental transfers deposited into the Medicaid indigent care trust fund, for state fiscal years beginning July 1, 2001, and July 1, 2002, an amount equal to:

(i) one hundred percent (100%) of the total intergovernmental transfers deposited into the Medicaid indigent care trust fund for the state fiscal year beginning July 1, 1998; minus

(ii) an amount equal to the amount deposited into the Medicaid indigent care trust fund under IC 12-15-15-9(d) for the state fiscal years beginning July 1, 2001, and July 1, 2002;

shall be used to fund the state's share of disproportionate

share payments to providers under IC 12-15-19-2.1. The remainder of the intergovernmental transfers, if any, must be used to fund the state's share of additional Medicaid payments to hospitals licensed under IC 16-21 pursuant to a methodology adopted by the office.

(D) ~~Of~~ The intergovernmental transfers, which shall include amounts transferred under ~~IC 12-16-7.5-4.5(b)~~; ~~STEP FOUR~~; **IC 12-16-7.5-4.5**, deposited into the Medicaid indigent care trust fund **and the certifications of public expenditures deemed to be made to the Medicaid indigent care trust fund**, for the state fiscal years ending after June 30, 2003; **2005, but before July 1, 2007**, an amount equal to:

- (i) one hundred percent (100%) of the total intergovernmental transfers deposited into the Medicaid indigent care trust fund for the state fiscal year beginning July 1, 1998, and ending June 30, 1999; minus
- (ii) an amount equal to the amount deposited into the Medicaid indigent care trust fund under ~~STEP FOUR~~ of ~~IC 12-16-7.5-4.5(b)~~ for the state fiscal year ending after June 30, 2003;

shall be used, to fund the non-federal share of disproportionate share payments to providers under ~~IC 12-15-19-2.1~~. The remainder of the intergovernmental transfers, if any, for the state fiscal years shall be used to fund, in descending order of priority, the non-federal share of payments to hospitals under ~~IC 12-15-15-9~~; the non-federal share of payments to hospitals under ~~IC 12-15-15-9.5~~; the amount to be transferred under clause (F); and the non-federal share of payments under clauses (A) and (B) of ~~STEP FIVE~~ of ~~IC 12-15-15-1.5(b)~~; in descending order of priority, as follows:

- (i) As provided in clause (B) of ~~STEP THREE~~ of **IC 12-16-7.5-4.5(b)(1)** and clause (B) of ~~STEP THREE~~ of **IC 12-16-7.5-4.5(b)(2)**, to fund the amount to be transferred to the office.
- (ii) As provided in clause (C) of ~~STEP THREE~~ of **IC 12-16-7.5-4.5(b)(1)** and clause (C) of ~~STEP THREE~~ of **IC 12-16-7.5-4.5(b)(2)**, to fund the non-federal share of the payments made under **IC 12-15-15-9** and **IC 12-15-15-9.5**.
- (iii) To fund the non-federal share of the payments made under **IC 12-15-15-1.1**, **IC 12-15-15-1.3**, and **IC 12-15-19-8**.
- (iv) As provided under clause (A) of ~~STEP THREE~~ of **IC 12-16-7.5-4.5(b)(1)** and clause (A) of ~~STEP THREE~~ of **IC 12-16-7.5-4.5(b)(2)**, for the payment to be made under clause (A) of ~~STEP FIVE~~ of **IC 12-15-15-1.5(b)**.
- (v) As provided under ~~STEP FOUR~~ of **IC 12-16-7.5-4.5(b)(1)** and ~~STEP FOUR~~ of **IC 12-16-7.5-4.5(b)(2)**, to fund the payments to be made under clause (B) of ~~STEP FIVE~~ of **IC 12-15-15-1.5(b)**.
- (vi) To fund, in an order of priority determined by the office to best use the available non-federal share, the programs listed in clause (H).

(E) **For state fiscal years ending after June 30, 2007**, the total amount of intergovernmental transfers used to fund the non-federal share of payments to hospitals under **IC 12-15-15-9** and **IC 12-15-15-9.5** shall not exceed the amount calculated under ~~STEP TWO~~ of the following formula:

~~STEP ONE~~: Calculate the total amount of funds transferred to the Medicaid indigent care trust fund under ~~STEP FOUR~~ of ~~IC 12-16-7.5-4.5(b)~~:

~~STEP TWO~~: Multiply the state Medicaid medical assistance percentage for the state fiscal year for which the payments under ~~IC 12-15-15-9~~ and ~~IC 12-15-15-9.5~~ are to be made by the amount calculated under ~~STEP ONE~~: **provided in clause (G)(ii)**.

(F) As provided in clause (D), for the following:

- (i) Each state fiscal year ending after June 30, 2003, **but before July 1, 2005**, an amount equal to the amount calculated under ~~STEP THREE~~ of the following formula shall be transferred to the office:

~~STEP ONE~~: Calculate the product of thirty-five million dollars (\$35,000,000) multiplied by the federal medical assistance percentage for federal fiscal year 2003.

~~STEP TWO~~: Calculate the sum of the amounts, if any, reasonably estimated by the office to be transferred or otherwise made available to the office for the state fiscal year, and the amounts, if any, actually transferred or otherwise made available to the office for the state fiscal year, under arrangements whereby the office and a hospital licensed under **IC 16-21-2** agree that an amount transferred or otherwise made available to the office by the hospital or on behalf of the hospital shall be included in the calculation under this ~~STEP~~.

~~STEP THREE~~: Calculate the amount by which the product calculated under ~~STEP ONE~~ exceeds the sum calculated under ~~STEP TWO~~.

- (ii) **The state fiscal years ending after June 30, 2005, but before July 1, 2007**, an amount equal to **thirty million dollars (\$30,000,000)** shall be transferred to the office.

(G) Subject to **IC 12-15-20.7-2(b)**, for each state fiscal year ending after June 30, 2007, the total amount in the Medicaid indigent care trust fund, including the amount of intergovernmental transfers of funds transferred, and the amounts of certifications of expenditures eligible for federal financial participation deemed to be transferred, to the Medicaid indigent care trust fund, shall be used to fund the following:

- (i) **Thirty million dollars (\$30,000,000)** transferred to the office for the Medicaid budget.
- (ii) An amount not to exceed the non-federal share of payments to hospitals under **IC 12-15-15-9** and **IC 12-15-15-9.5**.
- (iii) An amount not to exceed the non-federal share of payments to hospitals made under **IC 12-15-15-1.1** and **IC 12-15-15-1.3**.
- (iv) An amount not to exceed the non-federal share of disproportionate share payments to hospitals under **IC 12-15-19-8**.

- (v) An amount not to exceed the non-federal share of payments to hospitals under clause (A) of STEP FIVE of IC 12-15-15-1.5(c).
 - (vi) An amount not to exceed the non-federal share of Medicaid safety-net payments.
 - (vii) An amount not to exceed the non-federal share of payments to hospitals made under clauses (C) or (D) of STEP FIVE of IC 12-15-15-1.5(c).
 - (viii) An amount not to exceed the non-federal share of payments to hospitals made under clause (F) of STEP FIVE of IC 12-15-15-1.5(c).
 - (ix) An amount not to exceed the non-federal share of disproportionate share payments to hospitals under IC 12-15-19-2.1.
 - (x) If additional funds are available after making payments under items (i) through (ix), to fund other Medicaid supplemental payments for hospitals approved by the office and included in the Medicaid state plan.
- (H) For purposes of clause (D)(vi), the office shall fund the following:**
- (i) An amount equal to the non-federal share of the payments to the hospital that is eligible under this item, for payments made under clause (C) of STEP FIVE of IC 12-15-15-1.5(b) under an agreement with the office, Medicaid safety-net payments and any payment made under IC 12-15-19-2.1. The amount of the payments to the hospital under this item shall be equal to one hundred percent (100%) of the hospital's hospital-specific limit for state fiscal year 2005, when the payments are combined with payments made under IC 12-15-15-9, IC 12-15-15-9.5, and clause (B) of STEP FIVE of IC 12-15-15-1.5(b) for a state fiscal year. A hospital is eligible under this item if the hospital was eligible for Medicaid disproportionate share hospital payments for the state fiscal year ending June 30, 1998, the hospital received a Medicaid disproportionate share payment under IC 12-15-19-2.1 for state fiscal years 2001, 2002, 2003, and 2004, and the hospital merged two (2) hospitals under a single Medicaid provider number, effective January 1, 2004.
 - (ii) An amount equal to the non-federal share of payments to hospitals that are eligible under this item, for payments made under clause (C) of STEP FIVE of IC 12-15-15-1.5(b) under an agreement with the office, Medicaid safety-net payments, and any payment made under IC 12-15-19-2.1. The amount of payments to each hospital under this item shall be equal to one hundred percent (100%) of the hospital's hospital-specific limit for state fiscal year 2004, when the payments are combined with payments made to the hospital under IC 12-15-15-9, IC 12-15-15-9.5, and clause (B) of STEP FIVE of IC 12-15-15-1.5(b) for a state fiscal year. A hospital is eligible under this item if the hospital did not receive a payment under item (i), the hospital has

less than sixty thousand (60,000) Medicaid inpatient days annually, the hospital either was eligible for Medicaid disproportionate share hospital payments for the state fiscal year ending June 30, 1998 or the hospital met the office's Medicaid disproportionate share payment criteria based on state fiscal year 1998 data and received a Medicaid disproportionate share payment for the state fiscal year ending June 30, 2001, and the hospital received a Medicaid disproportionate share payment under IC 12-15-19-2.1 for state fiscal years 2001, 2002, 2003, and 2004.

(iii) Subject to IC 12-15-19-6, an amount not less than the non-federal share of Medicaid safety-net payments in accordance with the Medicaid state plan.

(iv) An amount not less than the non-federal share of payments made under clause (C) of STEP FIVE of IC 12-15-15-1.5(b) under an agreement with the office to a hospital having sixty thousand (60,000) Medicaid inpatient days annually.

(v) An amount not less than the non-federal share of Medicaid disproportionate share payments for hospitals eligible under this item, and made under IC 12-15-19-6 and the approved Medicaid state plan. A hospital is eligible for a payment under this item if the hospital is eligible for payments under IC 12-15-19-2.1.

(vi) If additional funds remain after the payments made under (i) through (v), payments approved by the office and under the Medicaid state plan, to fund the non-federal share of other Medicaid supplemental payments for hospitals.

SECTION 11. IC 12-15-20.7-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) For each state fiscal year ending before July 1, 2005, and subject to section 3 of this chapter, the office shall make the payments identified in this section in the following order:

- (1) First, payments under IC 12-15-15-9 and IC 12-15-15-9.5.
- (2) Second, payments under clauses (A) and (B) of STEP FIVE of IC 12-15-15-1.5(b).
- (3) Third, Medicaid inpatient payments for safety-net hospitals and Medicaid outpatient payments for safety-net hospitals.
- (4) Fourth, payments under IC 12-15-15-1.1 and 12-15-15-1.3.
- (5) Fifth, payments under IC 12-15-19-8 for municipal disproportionate share hospitals.
- (6) Sixth, payments under IC 12-15-19-2.1 for disproportionate share hospitals.
- (7) Seventh, payments under clause (C) of STEP FIVE of IC 12-15-15-1.5(b).

(b) For each state fiscal year ending after June 30, 2007, the office shall make the payments for the programs identified in IC 12-15-20-2(8)(G) in the order of priority that best utilizes available non-federal share, Medicaid supplemental payments, and Medicaid disproportionate share payments, and may change the order or priority at any time as necessary for the

proper administration of one (1) or more of the payment programs listed in IC 12-15-20-2(8)(G).

SECTION 12. IC 12-16-3.5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. A ~~hospital shall~~ **provider may** provide a patient, and if the patient is not able to understand the statement, the patient's representative, with a statement of the eligibility and benefit standards adopted by the division if at least one (1) of the following occurs:

- (1) The ~~hospital~~ **provider** has reason to believe that the patient may be indigent.
- (2) The patient requests a statement of the standards.

SECTION 13. IC 12-16-4.5-1, AS AMENDED BY P.L.145-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) To receive assistance under the hospital care for the indigent program under this article, a ~~hospital; a physician; a transportation~~ provider, the person, or the person's representative must file an application regarding the person with the division.

(b) Upon receipt of an application under subsection (a), the division shall determine whether the person is a resident of Indiana and, if so, the person's county of residence. If the person is a resident of Indiana, the division shall provide a copy of the application to the county office of the person's county of residence. If the person is not a resident of Indiana, the division shall provide a copy of the application to the county office of the county where the onset of the medical condition that necessitated the care occurred. If the division cannot determine whether the person is a resident of Indiana or, if the person is a resident of Indiana, the person's county of residence, the division shall provide a copy of the application to the county office of the county where the onset of the medical condition that necessitated the care occurred.

(c) A county office that receives a request from the division shall cooperate with the division in determining whether a person is a resident of Indiana and, if the person is a resident of Indiana, the person's county of residence.

SECTION 14. IC 12-16-4.5-2, AS AMENDED BY P.L.145-2005, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. A ~~hospital; physician; or transportation~~ provider must file the application with the division not more than forty-five (45) days after the person has been released or discharged from the hospital, unless the person is medically unable and the next of kin or legal representative is unavailable.

SECTION 15. IC 12-16-4.5-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) A patient must sign an application if the patient is medically able to sign.

(b) If a patient is medically unable to sign an application, the patient's next of kin or a legal representative, if available, may sign the application.

(c) If no person under subsections (a) and (b) is able to sign the application to file a timely application, a ~~hospital~~ **provider's** representative may sign the application instead of the patient.

SECTION 16. IC 12-16-4.5-8.5, AS ADDED BY P.L.145-2005, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8.5. A claim for ~~hospital items or services; physician services; or transportation~~ services must be filed with the division not more than one hundred eighty (180) days

after the person who received the care has been released or discharged from the hospital. For good cause as determined by the division, this one hundred eighty (180) day limit may be extended or waived for a claim.

SECTION 17. IC 12-16-5.5-1, AS AMENDED BY P.L.145-2005, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) The division shall, upon receipt of an application of or for a person who was admitted to, or who was otherwise provided care by a ~~hospital; provider~~, promptly investigate to determine the person's eligibility under the hospital care for the indigent program. The division shall consider the following information obtained by the ~~hospital~~ **provider** regarding the person:

- (1) Income.
- (2) Resources.
- (3) Place of residence.
- (4) Medical condition.
- ~~(5) Hospital care.~~
- ~~(6) (5) Physician care.~~
- ~~(7) (6) Transportation to and from the hospital.~~

The division may rely on the ~~hospital's~~ **provider's** information in determining the person's eligibility under the program.

(b) The division may choose not to interview the person if, based on the information provided to the division, the division determines that it appears that the person is eligible for the program. If the division determines that an interview of the person is necessary, the division shall allow the interview to occur by telephone with the person or with the person's representative if the person is not able to participate in the interview.

(c) The county office located in:

- (1) the county where the person is a resident; or
- (2) the county where the onset of the medical condition that necessitated the care occurred if the person's Indiana residency or Indiana county of residence cannot be determined;

shall cooperate with the division in determining the person's eligibility under the program.

SECTION 18. IC 12-16-5.5-1.2, AS ADDED BY P.L.145-2005, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1.2. (a) The division shall, upon receipt of a claim pertaining to a person:

- (1) who was ~~admitted to; or who was otherwise~~ provided care by a ~~hospital; an eligible provider; and~~
- (2) whose medical condition satisfies one (1) or more of the medical conditions identified in IC 12-16-3.5-1(a)(1) through IC 12-16-3.5-1(a)(3) or IC 12-16-3.5-2(a)(1) through IC 12-16-3.5-2(a)(3);

promptly review the claim to determine if the health care items or services identified in the claim were necessitated by the person's medical condition or, if applicable, if the items or services were a direct consequence of the person's medical condition.

(b) In conducting the review of a claim referenced in subsection (a), the division shall calculate the amount of the claim. For purposes of this section, IC 12-15-15-9, IC 12-15-15-9.5, IC 12-16-6.5, and IC 12-16-7.5, the amount of a claim shall be calculated in a manner described in IC 12-16-7.5-2.5(c).

SECTION 19. IC 12-16-5.5-2 IS AMENDED TO READ AS

FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) The ~~hospital providing~~ **provider of** medical care to a patient shall provide information the ~~hospital provider~~ has that would assist in the verification of indigency of a patient.

(b) A ~~hospital provider~~ that provides information under subsection (a) is immune from civil and criminal liability for divulging the information.

SECTION 20. IC 12-16-5.5-3, AS AMENDED BY P.L.145-2005, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) Subject to subsection (b) and IC 12-16-6.5-1.5, if the division is unable after prompt and diligent efforts to verify information contained in the application that is reasonably necessary to determine eligibility, the division may deny assistance under the hospital care for the indigent program. The pending expiration of the period specified in IC 12-16-6.5-1.5 is not a valid reason for denying a person's eligibility for the hospital care for the indigent program.

(b) Before denying assistance under the hospital care for the indigent program, the division must provide the person **and** the ~~hospital; and any other~~ provider who submitted a claim under IC 12-16-4.5-8.5 written notice of:

- (1) the specific information or verification needed to determine eligibility;
- (2) the specific efforts undertaken to obtain the information or verification; and
- (3) the statute or rule requiring the information or verification identified under subdivision (1).

(c) The division must provide the ~~hospital and any other~~ provider who submitted a claim under IC 12-16-4.5-8.5 a period of time, not less than ten (10) days beyond the deadline established under IC 12-16-6.5-1.5, to submit to the division information concerning the person's eligibility. If the division does not make a determination of the person's eligibility within ten (10) days after receiving the information under this subsection, the person is eligible without the division's determination of the person's eligibility for the hospital care for the indigent care program under this article.

SECTION 21. IC 12-16-5.5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. The division shall notify in writing the person and the ~~hospital provider~~ of the following:

- (1) A decision concerning eligibility.
- (2) The reasons for a denial of eligibility.
- (3) That either party has the right to appeal the decision.

SECTION 22. IC 12-16-6.5-1, AS AMENDED BY P.L.145-2005, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. If the division determines that a person is not eligible for assistance for ~~medical care; hospital care; or transportation~~ services, an affected person ~~physician; hospital; or transportation~~ provider may appeal to the division not later than ninety (90) days after the mailing of notice of that determination to the affected person ~~physician; hospital; or transportation~~ provider to the last known address of the person ~~physician; hospital; or transportation~~ provider.

SECTION 23. IC 12-16-6.5-1.2, AS ADDED BY P.L.145-2005, SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1.2. (a) If the division

determines that an item or service identified in a claim:

- (1) was not necessitated by one (1) or more of the medical conditions listed in IC 12-16-3.5-1(a)(1) through IC 12-16-3.5-1(a)(3) or IC 12-16-3.5-2(a)(1) through IC 12-16-3.5-2(a)(3); or
- (2) was not a direct consequence of one (1) or more of the medical conditions listed in IC 12-16-3.5-1(a)(1) through IC 12-16-3.5-1(a)(3);

the affected person ~~physician; hospital; and transportation~~ or provider may appeal to the division not later than ninety (90) days after the mailing of the notice of that determination to the affected person ~~physician; hospital; or transportation~~ provider to the last known address of the person ~~physician; hospital; or transportation~~ provider.

(b) If the division determines that an item or service identified in a claim:

- (1) was necessitated by one (1) or more of the medical conditions listed in IC 12-16-3.5-1(a)(1) through IC 12-16-3.5-1(a)(3) or IC 12-16-3.5-2(a)(1) through IC 12-16-3.5-2(a)(3); or
- (2) was a direct consequence of one (1) or more of the medical conditions listed in IC 12-16-3.5-1(a)(1) through IC 12-16-3.5-1(a)(3);

but the affected ~~physician; hospital; or transportation~~ provider disagrees with the amount of the claim calculated by the division under IC 12-16-5.5-1.2(b), the affected ~~physician; hospital; or transportation~~ provider may appeal the calculation to the division not later than ninety (90) days after the mailing of the notice of that calculation to the affected ~~physician; hospital; or transportation~~ provider to the last known address of the ~~physician; hospital; or transportation~~ provider.

SECTION 24. IC 12-16-6.5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. A notice of the hearing shall be served upon all persons interested in the matter, including any affected ~~physician; hospital; or transportation~~ provider, at least twenty (20) days before the time fixed for the hearing.

SECTION 25. IC 12-16-7.5-1.2, AS ADDED BY P.L.145-2005, SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1.2. (a) A person determined to be eligible under the hospital care for the indigent program is not financially obligated for ~~hospital items or services; physician services; or transportation~~ services provided to the person during the person's eligibility under the program, if the items or services were:

- (1) identified in a claim filed with the division under IC 12-16-4.5; and
- (2) determined:
 - (A) to have been necessitated by one (1) or more of the medical conditions listed in IC 12-16-3.5-1(a)(1) through IC 12-16-3.5-1(a)(3) or IC 12-16-3.5-2(a)(1) through IC 12-16-3.5-2(a)(3); or
 - (B) to be a direct consequence of one (1) or more of the medical conditions listed in IC 12-16-3.5-1(a)(1) through IC 12-16-3.5-1(a)(3).

(b) ~~Based on a hospital's items or services identified in a claim under subsection (a); the hospital~~ **Hospitals** may receive a payment

from the office calculated and made under IC 12-15-15-9 and, if applicable, IC 12-15-15-9.5. **Hospitals shall not file claims for payments under IC 12-15-15-9 and IC 12-15-15-9.5 for payments attributable to state fiscal years beginning after June 30, 2007.**

(c) Based on a physician's services identified in a claim under subsection (a), the physician may receive a payment from the division calculated and made under section 5 of this chapter.

(d) Based on the transportation services identified in a claim under subsection (a), the transportation provider may receive a payment from the division calculated and made under section 5 of this chapter.

SECTION 26. IC 12-16-7.5-2.5, AS AMENDED BY P.L.1-2006, SECTION 189, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2.5. (a) Payable claims shall be segregated by state fiscal year.

(b) For purposes of this chapter, IC 12-15-15-9, IC 12-15-15-9.5, and IC 12-16-14, "payable claim" refers to the following:

(1) Subject to subdivision (2), a claim for payment for physician care, hospital care, or transportation services under this chapter:

- (A) that includes, on forms prescribed by the division, all the information required for timely payment;
- (B) that is for a period during which the person is determined to be financially and medically eligible for the hospital care for the indigent program; and
- (C) for which the payment amounts for the care and services are determined by the division.

This subdivision applies for the state fiscal year ending June 30, 2004.

(2) For state fiscal years ending after June 30, 2004, **and before July 1, 2007**, a claim for payment for physician care, hospital care, or transportation services under this chapter:

- (A) provided to a person under the hospital care for the indigent program under this article during the person's eligibility under the program;
- (B) identified in a claim filed with the division; and
- (C) determined to:
 - (i) have been necessitated by one (1) or more of the medical conditions listed in IC 12-16-3.5-1(a)(1) through IC 12-16-3.5-1(a)(3) or IC 12-16-3.5-2(a)(1) through IC 12-16-3.5-2(a)(3); or
 - (ii) be a direct consequence of one (1) or more of the medical conditions listed in IC 12-16-3.5-1(a)(1) through IC 12-16-3.5-1(a)(3).

(3) For state fiscal years beginning after June 30, 2007, a claim for payment for physician care or transportation services under this chapter:

- (A) provided to a person under the hospital care for the indigent program under this article during the person's eligibility under the program;**
- (B) identified in a claim filed with the division; and**
- (C) determined to:**
 - (i) be necessary after the onset of a medical condition that was manifested by symptoms of sufficient severity that the absence of immediate medical attention would probably result in any of the**

outcomes described in IC 12-16-3.5-1(a)(1) through IC 12-16-3.5-1(a)(3) or IC 12-16-3.5-2(a)(1) through IC 12-16-3.5-2(a)(3); or

(ii) be a direct consequence of the onset of a medical condition that was manifested by symptoms of sufficient severity that the absence of immediate medical attention would probably result in any of the outcomes listed in IC 12-16-3.5-1(a)(1) through IC 12-16-3.5-1(a)(3).

(c) For purposes of this chapter, IC 12-15-15-9, IC 12-15-15-9.5, and IC 12-16-14, "amount" when used in regard to a claim or payable claim means an amount calculated under STEP THREE of the following formula:

STEP ONE: Identify the items and services identified in a claim or payable claim.

STEP TWO: Using the applicable Medicaid fee for service reimbursement rates, calculate the reimbursement amounts for each of the items and services identified in STEP ONE.

STEP THREE: Calculate the sum of the amounts identified in STEP TWO.

(d) For purposes of this chapter, IC 12-15-15-9, IC 12-15-15-9.5, and IC 12-16-14, a ~~physician, hospital, or transportation~~ provider that submits a claim to the division is considered to have submitted the claim during the state fiscal year during which the amount of the claim was determined under IC 12-16-5.5-1.2(b) or, if successfully appealed by a ~~physician, hospital, or transportation~~ provider, the state fiscal year in which the appeal was decided.

(e) The division shall determine the amount of a claim under IC 12-16-5.5-1.2(b).

SECTION 27. IC 12-16-7.5-4.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4.5. (a) Not later than October 31 following the end of each state fiscal year, the division shall:

(1) calculate for each county the total amount of payable claims submitted to the division during the state fiscal year attributed to:

- (A) patients who were residents of the county; and
- (B) patients:

- (i) who were not residents of Indiana;
- (ii) whose state of residence could not be determined by the division; and
- (iii) who were residents of Indiana but whose county of residence in Indiana could not be determined by the division;

and whose medical condition that necessitated the care or service occurred in the county;

(2) notify each county of the amount of payable claims attributed to the county under the calculation made under subdivision (1); and

(3) with respect to payable claims attributed to a county under subdivision (1):

- (A) calculate the total amount of payable claims submitted during the state fiscal year for:
 - (i) each hospital;
 - (ii) each physician; and
 - (iii) each transportation provider; and

(B) determine the amount of each payable claim for each hospital, physician, and transportation provider listed in clause (A).

(b) For the state fiscal years beginning after June 30, 2005, but before July 1, 2007, and before November 1 following the end of a state fiscal year, the division shall allocate the funds transferred from a county's hospital care for the indigent fund to the state hospital care for the indigent fund under IC 12-16-14 during or for the following state fiscal year: years:

(1) For the state fiscal year ending June 30, 2006, as required under the following STEPS:

STEP ONE: Determine the total amount of funds transferred from all counties' hospital care for the indigent funds by the counties to the state hospital care for the indigent fund under IC 12-16-14 during or for the state fiscal year.

STEP TWO: Of the total amount of payable claims submitted to the division during the state fiscal year from all counties under subsection (a), determine the amount that is the lesser of:

- (A) the amount of total physician payable claims and total transportation provider payable claims; or
- (B) three million dollars (\$3,000,000).

The amount determined under this STEP shall be used by the division to make payments under section 5 of this chapter.

STEP THREE: Transfer an amount equal to the sum of:

- (A) the non-federal share of the payments made under clause (A) of STEP FIVE of IC 12-15-15-1.5(b);
- (B) the amount transferred under IC 12-15-20-2(8)(F); and
- (C) the non-federal share of the payments made under IC 12-15-15-9 and IC 12-15-15-9.5;

to the Medicaid indigent care trust fund for funding the transfer to the office and the non-federal share of the payments identified in this STEP.

STEP FOUR: Transfer an amount equal to sixty-one million dollars (\$61,000,000) less the sum of:

- (A) the amount determined in STEP TWO; and
 - (B) the amount transferred under STEP THREE;
- to the Medicaid indigent care trust fund for funding the non-federal share of payments under clause (B) of STEP FIVE of IC 12-15-15-1.5(b).

STEP FIVE: Transfer to the Medicaid indigent care trust fund for the programs referenced at IC 12-15-20-2(8)(D)(vi) and funded in accordance with IC 12-15-20-2(8)(H) the amount determined under STEP ONE, less the sum of the amount:

- (A) determined in STEP TWO;
- (B) transferred in STEP THREE; and
- (C) transferred in STEP FOUR.

(2) For the state fiscal year ending June 30, 2007, as required under the following steps:

STEP ONE: Determine the total amount of funds transferred from all counties' hospital care for the indigent funds by the counties to the state hospital care

for the indigent fund under IC 12-16-14 during or for the state fiscal year.

STEP TWO: Of the total amount of payable claims submitted to the division during the state fiscal year from all counties under subsection (a), determine the amount that is the lesser of:

- (A) the amount of total physician payable claims and total transportation provider payable claims; or
- (B) three million dollars (\$3,000,000).

The amount determined under this STEP shall be used by the division for making payments under section 5 of this chapter or for the non-federal share of Medicaid payments for physicians and transportation providers, as determined by the office.

STEP THREE: Transfer an amount equal to the sum of:

- (A) the non-federal share of five million dollars (\$5,000,000) for the payment made under clause (A) of STEP FIVE of IC 12-15-15-1.5(b);
- (B) the amount transferred under IC 12-15-20-2(8)(F); and
- (C) the non-federal share of the payments made under IC 12-15-15-9 and IC 12-15-15-9.5;

to the Medicaid indigent care trust fund for funding the transfer to the office and the non-federal share of the payments identified in this STEP.

STEP FOUR: Transfer an amount equal to the amount determined under STEP ONE less the sum of:

- (A) the amount determined in STEP TWO; and
 - (B) the amount transferred under STEP THREE;
- to the Medicaid indigent care trust fund for funding the non-federal share of payments under clause (B) of STEP FIVE of IC 12-15-15-1.5(b).

(c) For the state fiscal years beginning after June 30, 2007, before November 1 following the end of the state fiscal year, the division shall allocate the funds transferred from a county's hospital care for the indigent fund to the state hospital care for the indigent fund under IC 12-16-14 during or for the state fiscal year as required under the following STEPS:

STEP ONE: Determine the total amount of funds transferred from a county's hospital care for the indigent fund by the county to the state hospital care for the indigent fund under IC 12-16-14 during or for the state fiscal year.

STEP TWO: Of the total amount of payable claims submitted to the division during the state fiscal year attributed to the county under subsection (a), determine the amount of total hospital payable claims; total physician payable claims, and total transportation provider payable claims. Of the amounts determined for physicians and transportation providers, calculate the sum of those amounts as a percentage of an amount equal to the sum of the total payable physician claims and total payable transportation provider claims attributed to all the counties submitted to the division during the state fiscal year.

STEP THREE: Multiply three million dollars (\$3,000,000) by the percentage calculated under STEP TWO.

STEP FOUR: Transfer to the Medicaid indigent care trust fund for purposes of ~~IC 12-15-20-2(8)(D)~~

IC 12-15-20-2(8)(G) an amount equal to the amount calculated under STEP ONE, minus an amount equal to the amount calculated under STEP THREE.

STEP FIVE: The division shall retain an amount equal to the amount remaining in the state hospital care for the indigent fund after the transfer in STEP FOUR for purposes of making payments under section 5 of this chapter **or for the non-federal share of Medicaid payments for physicians and transportation providers, as determined by the office.**

(c) (d) The costs of administering the hospital care for the indigent program, including the processing of claims, shall be paid from the funds transferred to the state hospital care for the indigent fund.

SECTION 28. IC 12-16-7.5-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. Before December 15 following the end of each state fiscal year, the division shall, from the amounts combined from the counties' hospital care for the indigent funds and retained under section 4.5(b) ~~STEP FIVE~~ **or 4.5(c)** of this chapter, pay each physician and transportation provider a pro rata part of that amount. The total payments available under this section may not exceed three million dollars (\$3,000,000).

SECTION 29. IC 12-16-14-3, AS AMENDED BY P.L.246-2005, SECTION 111, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) ~~For purposes of this section, "payable claim" has the meaning set forth in IC 12-16-7.5-2.5(b)(1).~~

(b) For taxes first due and payable in 2003, each county shall impose a hospital care for the indigent property tax levy equal to the product of:

- (1) the county's hospital care for the indigent property tax levy for taxes first due and payable in 2002; multiplied by
- (2) the county's assessed value growth quotient determined under IC 6-1.1-18.5-2 for taxes first due and payable in 2003.

(c) (b) For taxes first due and payable in 2004, 2005, 2006, 2007, and 2008, **and each year after 2004**, each county shall impose a hospital care for the indigent property tax levy equal to the product of: **hospital care for the indigent program property tax levy for taxes first due and payable in the preceding calendar year, multiplied by the statewide average assessed value growth quotients determined under IC 6-1.1-18.5-2, for the year in which the tax levy under this subsection is first due and payable.**

(1) the county's hospital care for the indigent property tax levy for taxes first due and payable in the preceding year; multiplied by

(2) the assessed value growth quotient determined in the last STEP of the following STEPS:

STEP ONE: Determine the three (3) calendar years that most immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first become effective.

STEP TWO: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth) of the county's total assessed value of all taxable property in the particular calendar year, divided by the county's total assessed value of all taxable property in the

calendar year immediately preceding the particular calendar year.

STEP THREE: Divide the sum of the three (3) quotients computed in STEP TWO by three (3):

(d) Except as provided in subsection (c):

(1) for taxes first due and payable in 2009, each county shall impose a hospital care for the indigent property tax levy equal to the average of the annual amount of payable claims attributed to the county under IC 12-16-7.5-4.5 during the state fiscal years beginning:

(A) July 1, 2005;

(B) July 1, 2006; and

(C) July 1, 2007; and

(2) for all subsequent annual levies under this section, the average annual amount of payable claims attributed to the county under IC 12-16-7.5-4.5 during the three (3) most recently completed state fiscal years:

(e) ~~A county may not impose an annual levy under subsection (d) in an amount greater than the product of:~~

(1) The greater of:

(A) the county's hospital care for the indigent property tax levy for taxes first due and payable in 2008; or

(B) the amount of the county's maximum hospital care for the indigent property tax levy determined under this subsection for taxes first due and payable in the immediately preceding year; multiplied by

(2) the assessed value growth quotient determined in the last STEP of the following STEPS:

STEP ONE: Determine the three (3) calendar years that most immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first become effective.

STEP TWO: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth) of the county's total assessed value of all taxable property in the particular calendar year, divided by the county's total assessed value of all taxable property in the calendar year immediately preceding the particular calendar year.

STEP THREE: Divide the sum of the three (3) quotients computed in STEP TWO by three (3):

SECTION 30. IC 34-30-2-45.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 45.7. IC 12-16-5.5-2 (Concerning hospitals providers for providing information verifying indigency of patient).

SECTION 31. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2007]: IC 12-15-15-9.8; IC 12-15-20.7-3; IC 12-16-2.5-6.5; IC 12-16-8.5; IC 12-16-12.5.

SECTION 32. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "office" refers to the office of Medicaid policy and planning established by IC 12-8-6-1.

(b) The office shall apply to the United States Department of Health and Human Services for approval of an amendment to the state's Medicaid plan that is necessary to do the following:

(1) Amend the state's upper payment limit program.

(2) Make changes to the state's disproportionate share hospital program.

(c) The office may not implement an approved amendment to the state plan until the office files an affidavit with the governor attesting that the state plan amendment applied for under subsection (b)(1) or (b)(2) of this SECTION is in effect. The office shall file the affidavit under this subsection not later than five (5) days after the office is notified that the state plan amendment is approved.

(d) The office may adopt rules under IC 4-22-2 necessary to implement this SECTION.

(e) This SECTION expires December 31, 2013.

SECTION 33. [EFFECTIVE UPON PASSAGE] (a) Not later than November 1, 2008, the department of insurance and the office of the secretary of family and social services shall study and make a final recommendation to the legislative council, in an electronic format under IC 5-14-6, concerning the following:

(1) A plan to provide health insurance coverage to individuals who:

(A) have a family income that is more than two hundred percent (200%) of the federal income poverty level; and

(B) are uninsured.

(2) A health insurance program that would require local government employers, school corporations, and other public employers to join together to purchase employee health insurance coverage.

(b) The health finance commission shall study during the 2007 interim of the general assembly:

(1) reimbursement rates to providers under; and

(2) premium costs of;

accident and sickness insurance policies and health maintenance organization contracts.

(c) This SECTION expires December 31, 2008.

SECTION 34. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "commission" refers to the health finance commission established by IC 2-5-23-3.

(b) The commission shall, during the 2007 legislative interim, study the following concerning the Indiana tobacco use prevention and cessation program:

(1) The effectiveness of the program.

(2) Whether the program should be transferred to the state department of health.

(c) This SECTION expires December 31, 2007.

SECTION 35. [EFFECTIVE UPON PASSAGE] (a) Not later than November 1, 2008, the office of the secretary of family and social services shall study and make a final recommendation to the legislative council, in an electronic format under IC 5-14-6, concerning the viability of keeping members of a family who are eligible for:

(1) Medicaid;

(2) the children's health insurance program; or

(3) other state health care assistance plans;

together under the same health care plan by using health care accounts, market-based contributions by the recipients, assignment of Medicaid patients to private health insurance, or other health care plans.

(b) This SECTION expires December 31, 2008.

SECTION 36. An emergency is declared for this act.

(Reference is to ESB 503 as reprinted April 10, 2007.)

Miller, Chair
Simpson
Senate Conferees
Roll Call 548: yeas 50, nays 0. Report adopted.

C. Brown
T. Brown
House Conferees

MESSAGE FROM THE HOUSE

Madam President: I am directed by the House to inform the Senate that the House has adopted the Conference Committee Report on Engrossed Senate Bill 105-1.

CLINTON MCKAY
Principal Clerk of the House

MESSAGE FROM THE HOUSE

Madam President: I am directed by the House to inform the Senate that the House has accepted and approved the Joint Rule 20 correction on Engrossed House Bill 1503.

CLINTON MCKAY
Principal Clerk of the House

MESSAGE FROM THE HOUSE

Madam President: I am directed by the House to inform the Senate that the House has adopted the Conference Committee Reports on Engrossed House Bills 1237-1, 1379-2, and 1386-1.

CLINTON MCKAY
Principal Clerk of the House

MESSAGE FROM THE HOUSE

Madam President: I am directed by the House to inform the Senate that the House has adopted the Conference Committee Report on Engrossed Senate Bill 390-1.

CLINTON MCKAY
Principal Clerk of the House

MESSAGE FROM THE HOUSE

Madam President: I am directed by the House to inform the Senate that the House has accepted and approved the Joint Rule 20 correction on Engrossed House Bill 1557.

CLINTON MCKAY
Principal Clerk of the House

MESSAGE FROM THE PRESIDENT PRO TEMPORE OF THE INDIANA STATE SENATE

Madam President and Members of the Senate: I have on April 29, 2007, signed Senate Enrolled Acts: 270, 320, 412, 461, 463, 524, and 566.

DAVID C. LONG
President Pro Tempore

RESOLUTIONS ON FIRST READING

Senate Concurrent Resolution 108

Senate Concurrent Resolution 108, introduced by Senator Long:

A CONCURRENT RESOLUTION fixing the date for the first

regular technical session of the General Assembly.

Whereas, IC 2-2.1-1-2.5 authorizes the General Assembly to fix a date for the first regular technical session of the General Assembly;

Whereas, The General Assembly finds that it is in the best interest of the State of Indiana to fix a date for the Technical Session;

Whereas, It is prudent to allow the Speaker of the House of Representatives and the President Pro Tempore of the Senate to jointly order that the Technical Session not convene if they determined its cost and inconvenience do not justify meeting in Technical Session: Therefore,

Be it resolved by the Senate of the General Assembly of the State of Indiana, the House of Representatives concurring:

SECTION 1. The date for the Technical Session of the General Assembly is hereby fixed for June 5, 2007, at 1:30 pm.

SECTION 2. The Speaker of the House of Representatives and the President Pro Tempore of the Senate may issue a joint order that the General Assembly not convene in Technical Session if they determined that the cost and inconvenience of meeting in Technical Session are not justified.

The resolution was read in full and adopted by voice vote. The Chair instructed the Secretary to inform the House of the passage of the resolution. House sponsors: Representatives Bauer and Bosma.

SENATE MOTION

Madam President: I move that Senator R. Young be added as second author of Senate Concurrent Resolution 108.

LONG

Motion prevailed.

RESOLUTIONS ON FIRST READING

Senate Resolution 67

Senate Resolution 67, introduced by Senator Long:

A SENATE RESOLUTION to honor Senator Vic Heinold on his retirement from the Indiana General Assembly.

Whereas, Senator Vic Heinold was elected to the Indiana Senate in 2004 to represent Senate District 5, including the Jasper, LaPorte, Marshall, Porter, Pulaski, St. Joseph, and Starke counties with dignity and distinction;

Whereas, As a member of the Indiana General Assembly, Senator Heinold has been an active member of the Senate Committees on Agriculture & Small Business, Commerce & Transportation, Elections & Civic Affairs, and Homeland Security, Utilities & Public Policy;

Whereas, Senator Heinold has also actively participated in numerous civic activities including, the Mid-America Agriculture Show, Indiana Grain & Feed, the Crime Stopper Advisory Board, the Governor's Commission on Child Support, Fathers United of Indiana, the Porter County Visitor Recreation & Tourism Board, the Porter County Animal Welfare Board, and the Parkview Haven Retirement Home Board;

Whereas, Senator Heinold and his wife Sue have five children and are the proud grandparents of thirteen grandchildren. Senator Heinold and his family are active members of the Kouts Christian Church where he serves as a Sunday school teacher and team leader for their Live Nativity;

Whereas, Senator Heinold has long been a distinguished resident of the Hoosier State. He was raised in Kouts, Indiana and graduated from Kouts High School. Thereafter, he attended Purdue University and was the primary proprietor of Heinold Elevator & Feed; and

Whereas, Upon completion of the legislative session, Senator Heinold will leave the Indiana Senate to relocate his family to Louisiana where he will become a general manager with Consolidated Grain and Barge Company. His departure will be a great loss to the State of Indiana: Therefore,

Be it resolved by the Senate of the General Assembly of the State of Indiana:

SECTION 1. That the Indiana Senate honors Senator Vic Heinold on his retirement from the Indiana General Assembly and wishes him good luck in all of his future endeavors.

SECTION 2. The Secretary of the Senate is hereby directed to transmit a copy of this Resolution to Senator Vic Heinold and his family.

The resolution was read in full and adopted by voice vote.

SENATE MOTION

Madam President: I move that Senators Alting, Arnold, Becker, Boots, Bray, Breaux, Broden, Deig, Delph, Dillon, Drozda, Errington, Ford, Gard, Hershman, Howard, Hume, Jackman, Kenley, Kruse, Lanane, Landske, Lawson, Lewis, Lubbers, Meeks, Merritt, Miller, Mishler, Mrvan, Nugent, Paul, Riegsecker, Rogers, Simpson, Sipes, Skinner, Smith, Steele, Tallian, Walker, Waltz, Waterman, Weatherwax, Wyss, M. Young, R. Young, and Zakas be added as coauthors of Senate Resolution 67.

LONG

Motion prevailed.

MESSAGE FROM THE HOUSE

Madam President: I am directed by the House to inform the Senate that the House has passed Senate Concurrent Resolution 106

and the same is herewith returned to the Senate.

CLINTON MCKAY
Principal Clerk of the House

1274, 1425, 1437, 1452, 1457, 1722, 1731, and 1767.

DAVID C. LONG
President Pro Tempore

MESSAGE FROM THE HOUSE

Madam President: I am directed by the House to inform the Senate that the House has passed House Concurrent Resolution 89 and the same is herewith transmitted for further action.

CLINTON MCKAY
Principal Clerk of the House

MESSAGE FROM THE PRESIDENT PRO TEMPORE
OF THE INDIANA STATE SENATE

Madam President and Members of the Senate: I have on April 29, 2007, signed Senate Enrolled Acts: 125 and 193.

DAVID C. LONG
President Pro Tempore

9:41 p.m.

The Chair declared a recess until the fall of the gavel.

Recess

The Senate reconvened at 10:49 p.m., with the President of the Senate in the Chair.

SENATE MOTION

Madam President: I move that Senate Rule 83(a) be suspended with regard to its application to the following Conference Committee Reports: 1510-1 and 339-1.

LONG

Motion prevailed.

SENATE MOTION

Madam President: I move that Senator M. Young be added as cosponsor of Engrossed House Bill 1386.

BRAY

Motion prevailed.

MESSAGE FROM THE HOUSE

Madam President: I am directed by the House to inform the Senate that the Speaker of the House has removed Representative Whetstone as a conferee on Engrossed Senate Bill 339 and now appoints Representative Welch thereon.

CLINTON MCKAY
Principal Clerk of the House

REPORT OF THE PRESIDENT
PRO TEMPORE

Madam President: I hereby report that Senator Boots has been excused from voting on Engrossed Senate Bill 339 pursuant to the Report of the Committee on Ethics adopted on February 27, 2007.

LONG

Report adopted.

MESSAGE FROM THE PRESIDENT
OF THE SENATE

Members of the Senate: I have on the 29th day of April, 2007, signed Senate Enrolled Acts: 43, 104, 106, 113, 134, 157, 211, 334, 346, 419, and 568.

REBECCA S. SKILLMAN
Lieutenant Governor

COMMITTEE REPORT

Pursuant to Senate Rule 83(j), your Committee on Rules and Legislative Procedure to which was referred Conference Committee Reports filed on Engrossed House Bills 1478, 1001, and 1510 and Engrossed Senate Bill 339 has had the same under consideration and begs leave to report back to the Senate with the recommendation that said Conference Committee Reports are eligible for consideration.

LONG, Chair

Report adopted.

MESSAGE FROM THE PRESIDENT
OF THE SENATE

Members of the Senate: I have on the 29th day of April, 2007, signed Senate Enrolled Act 480.

REBECCA S. SKILLMAN
Lieutenant Governor

COMMITTEE REPORT

Madam President: Your Committee appointed to ascertain whether the House of Representatives has any further legislative business to transact hereby reports that your Committee has conferred with the House of Representatives and the House of

MESSAGE FROM THE PRESIDENT PRO TEMPORE
OF THE INDIANA STATE SENATE

Madam President and Members of the Senate: I have on April 29, 2007, signed House Enrolled Acts: 1019, 1027, 1078, 1173,

Representatives has no further business to transact with the Senate.

LAWSON
SIMPSON

Report adopted.

COMMITTEE REPORT

Madam President: Your Committee appointed to confer with the Governor to ascertain whether or not he has any further communications to make to the Senate hereby reports that your Committee has waited upon the Governor and that the Governor has no further communications to make to the Senate.

RIEGSECKER
SKINNER

Report adopted.

SENATE MOTION

Madam President: I move that Senate Rules 83(a) and 83(j) be suspended with regard to their application to the Conference Committee Report #1 filed for Engrossed House Bill 1461.

LONG

Motion prevailed.

CONFERENCE COMMITTEE REPORTS

CONFERENCE COMMITTEE REPORT
EHB 1510-1

Madam President: Your Conference Committee appointed to confer with a like committee from the House upon Engrossed Senate Amendments to Engrossed House Bill 1510 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 4-30-9-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. A contract executed by the commission under this chapter must specify the reasons for a suspension or termination of the contract by the commission, including the following:

- (1) Commission of a violation of this article, IC 35-45-5-3, IC 35-45-5-3.5, IC 35-45-5-4, or a rule adopted under this article.
- (2) Failure to accurately account for lottery tickets, revenues, or prizes as required by the commission.
- (3) Commission of a fraud, deceit, or misrepresentation.
- (4) Insufficient sale of tickets.
- (5) Conduct prejudicial to public confidence in the lottery.
- (6) A material change in a matter considered by the

commission executing the contract with the retailer.

SECTION 2. IC 4-32.2-1-1, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) This article applies only to a qualified organization.

(b) This article applies only to the following approved gambling events conducted as fundraising activities by qualified organizations:

- (1) Bingo events, charity game nights, door prize events, raffle events, festivals, and other gaming events approved by the commission. ~~and~~
- (2) The sale of pull tabs, punchboards, and tip boards:
 - (A) at bingo events, charity game nights, door prize events, raffle events, and festivals conducted by qualified organizations; or
 - (B) at any time on the premises owned or leased by a qualified organization and regularly used for the activities of the qualified organization.

This article does not apply to any other sale of pull tabs, punchboards, and tip boards.

(c) This article does not apply to a promotion offer subject to IC 24-8.

SECTION 3. IC 4-32.2-1-3, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. A bingo event, charity game night, door prize drawing, ~~or~~ raffle, festival event, or other charity gambling event licensed under IC 4-32.2-4-16 is not allowed in Indiana unless it is conducted by a qualified organization in accordance with this article.

SECTION 4. IC 4-32.2-2-7, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. "Bona fide educational organization" means an organization that is not for pecuniary profit and that meets the following criteria:

- (1) The organization's primary purpose is educational in nature.
- (2) The organization's constitution, articles, charter, or bylaws contain a clause that provides that upon dissolution all remaining assets shall be used for nonprofit educational purposes.
- (3) The organization is designed to develop the capabilities of individuals by instruction in a public or private:
 - (A) pre-elementary educational development program;
 - (B) elementary or secondary school; or
 - ~~(B)~~ (C) college or university.

SECTION 5. IC 4-32.2-2-15, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15. "Door prize" means a prize awarded to a person based solely upon the person's paid attendance at ~~an~~ a charity fundraising event or the purchase of a ticket to attend ~~an~~ a charity fundraising event.

SECTION 6. IC 4-32.2-2-18.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 18.5. "Full-time employee"

means an individual who:

- (1) is and has been employed by a particular qualified organization for at least ninety (90) consecutive days as of the date of the qualified organization's allowable event; and
- (2) works at least an average of thirty-two (32) hours per week or one thousand six hundred sixty-two (1,662) hours per year for the qualified organization in a capacity that is primarily unrelated to the qualified organization's charity gaming operations.

SECTION 7. IC 4-32.2-2-18.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 18.7. "Key person" means any:**

- (1) officer;
- (2) director;
- (3) executive;
- (4) employee;
- (5) trustee;
- (6) substantial owner;
- (7) independent owner; or
- (8) agent;

of a business entity that has the power to exercise management or operating authority over the business entity or its affiliates.

SECTION 8. IC 4-32.2-2-20.5, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 20.5. "Member" means any of the following:**

- (1) An individual entitled to membership in a qualified organization under the bylaws, articles of incorporation, charter, or rules of the qualified organization.
- (2) A member of the qualified organization's auxiliary.
- (3) In the case of a qualified organization that is a **public or nonpublic school** (as defined in IC 20-18-2-12), **either any of the following:**
 - (A) A parent of a child enrolled in the school.
 - (B) A member of the school's parent organization.
 - (C) A member of the school's alumni association.
 - (D) **An employee of the school.**
 - (E) **An officer of the school.**
 - (F) **A student enrolled in the school.**

- (4) **A member of a qualified organization's board of directors or board of trustees.**

SECTION 9. IC 4-32.2-2-21.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 21.5. "PPT license" refers to a license issued to a qualified organization under IC 4-32.2-4-16.5.**

SECTION 10. IC 4-32.2-2-24, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 24. (a) "Qualified organization" means:**

- (1) a bona fide religious, educational, senior citizens, veterans, or civic organization operating in Indiana that:
 - (A) operates without profit to the organization's members;

(B) is exempt from taxation under Section 501 of the Internal Revenue Code; and

(C) has been continuously in existence in Indiana for at least five (5) years or is affiliated with a parent organization that has been in existence in Indiana for at least five (5) years; ~~or~~

(2) a bona fide political organization operating in Indiana that produces exempt function income (as defined in Section 527 of the Internal Revenue Code); ~~or~~

(3) a state educational institution (as defined in IC 20-12-0.5-1).

(b) For purposes of IC 4-32.2-4-3, a "qualified organization" includes the following:

- (1) A hospital licensed under IC 16-21.
- (2) A health facility licensed under IC 16-28.
- (3) A psychiatric facility licensed under IC 12-25.
- (4) An organization defined in subsection (a).

(c) For purposes of IC 4-32.2-4-10, a "qualified organization" includes a bona fide business organization.

SECTION 11. IC 4-32.2-2-27.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 27.5. "Substantial owner" means:**

- (1) a person holding at least a five percent (5%) ownership interest; or**
- (2) an institutional investor holding at least a fifteen percent (15%) ownership interest;**

in a business entity.

SECTION 12. IC 4-32.2-2-30, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 30. "Worker" means an individual who helps or participates in any manner in ~~preparing for,~~ conducting ~~or~~ assisting in conducting ~~cleaning up after,~~ ~~or taking any other action in connection with~~ an allowable event under this article.**

SECTION 13. IC 4-32.2-3-3, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 3. (a) The commission shall adopt rules under IC 4-22-2 for the following purposes:**

- (1) Administering this article.
- (2) Establishing the conditions under which charity gaming in Indiana may be conducted.
- (3) Providing for the prevention of practices detrimental to the public interest and providing for the best interests of charity gaming.
- (4) Establishing rules concerning inspection of qualified organizations and the review of the licenses necessary to conduct charity gaming.
- (5) Imposing penalties for noncriminal violations of this article.
- (6) Establishing standards for independent audits conducted under IC 4-32.2-5-5.**

(b) The commission may adopt emergency rules under IC 4-22-2-37.1 if the commission determines that:

- (1) the need for a rule is so immediate and substantial that

rulemaking procedures under IC 4-22-2-13 through IC 4-22-2-36 are inadequate to address the need; and

(2) an emergency rule is likely to address the need.

SECTION 14. IC 4-32.2-3-4, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) The commission has the sole authority to license entities under this article to sell, distribute, or manufacture ~~the following:~~

- (1) ~~Bingo cards.~~
- (2) ~~Bingo boards.~~
- (3) ~~Bingo sheets.~~
- (4) ~~Bingo pads.~~
- (5) ~~Pull tabs.~~
- (6) ~~Punchboards.~~
- (7) ~~Tip boards.~~
- (8) ~~Any other supplies, devices, or equipment designed to be used in allowable events designated by rule of the commission.~~

a licensed supply.

(b) Qualified organizations must obtain ~~the materials described in subsection (a)~~ **licensed supplies** only from an entity licensed by the commission.

(c) The commission may not limit the number of qualified entities licensed under subsection (a).

(d) The commission may deny a license to an applicant for a license to sell, manufacture, or distribute licensed supplies if the commission determines that at least one (1) of the following applies with respect to the applicant:

- (1) The applicant has:**
 - (A) violated a local ordinance, a state or federal statute, or an administrative rule or regulation and the violation would cause the commission to determine that the applicant, a key person, or a substantial owner of the applicant is not of good moral character or reputation; or**
 - (B) committed any other act that would negatively impact the integrity of charity gaming in Indiana.**
- (2) The applicant has engaged in fraud, deceit, or misrepresentation.**
- (3) The applicant has failed to provide information required by this article or a rule adopted under this article.**

SECTION 15. IC 4-32.2-3-5, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. The commission shall charge appropriate fees to the following:

- (1) An applicant for a license to conduct an allowable event.
- (2) An applicant seeking a license to distribute ~~bingo supplies, pull tabs, punchboards, or tip boards:~~ **a licensed supply.**
- (3) An applicant seeking a license to manufacture ~~bingo supplies, pull tabs, punchboards, or tip boards:~~ **a licensed supply.**

SECTION 16. IC 4-32.2-4-2.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 2.5. The commission may**

deny a license to an organization if the commission determines that at least one (1) of the following applies with respect to the organization:

- (1) The organization has:**
 - (A) violated a local ordinance, a state or federal statute, or an administrative rule or regulation and the violation would cause the commission to determine that the applicant, a key person, or a substantial owner of the applicant is not of good moral character or reputation; or**
 - (B) committed any other act that would negatively affect the integrity of charity gaming in Indiana.**
- (2) The organization has engaged in fraud, deceit, or misrepresentation.**
- (3) The organization has failed to provide information required by this article or a rule adopted under this article.**
- (4) The organization has failed to provide sufficient information to enable the commission to determine that the organization is a qualified organization.**

SECTION 17. IC 4-32.2-4-3, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) A qualified organization is not required to obtain a license from the commission if the value of all prizes awarded at the bingo event, charity game night, raffle event, or door prize event, **festival event, or other event licensed under section 16 of this chapter**, including prizes from pull tabs, punchboards, and tip boards, does not exceed one thousand dollars (\$1,000) for a single event and not more than three thousand dollars (\$3,000) during a calendar year.

(b) A qualified organization ~~described in subsection (a)~~ that plans to hold ~~a bingo~~ **an allowable event described in subsection (a)** more than one (1) time a year shall send an annual written notice to the commission informing the commission of the following:

- (1) The estimated frequency of the planned ~~bingo allowable~~ events.
- (2) The location or locations where the qualified organization plans to hold the ~~bingo allowable~~ events.
- (3) The estimated ~~amount of revenue expected to be generated by value of all prizes awarded at each bingo allowable~~ event.

(c) The notice required under subsection (b) must be filed before the earlier of the following:

- (1) March 1 of each year.
- (2) One (1) week before the qualified organization holds the first ~~bingo allowable~~ event of the year.

(d) A qualified organization **that conducts an allowable event** described in subsection (a) shall maintain accurate records of all financial transactions of ~~an the event. conducted under this section.~~ The commission may inspect records kept in compliance with this section.

SECTION 18. IC 4-32.2-4-5, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) The commission may issue a bingo license to a qualified organization if:

- (1) the provisions of this section are satisfied; and
- (2) the qualified organization:
 - (A) submits an application; and
 - (B) pays a fee set by the commission under IC 4-32.2-6.

(b) The commission may hold a public hearing to obtain input on the proposed issuance of an annual bingo license to an applicant that has never held an annual bingo license under this article.

(c) The first time that a qualified organization applies for an annual bingo license, the ~~commission~~ **qualified organization** shall publish notice that the application has been filed **by publication at least two (2) times, seven (7) days apart, as follows:**

(1) In one (1) newspaper in the county where the qualified organization is located.

(2) In one (1) newspaper in the county where the allowable event will be conducted.

~~(d)~~ **(d)** The notification ~~must be in accordance with IC 5-14-1.5-5 and required by subsection (c)~~ must contain the following:

- (1) The name of the qualified organization and the fact that it has applied for an annual bingo license.
- (2) The location where the bingo events will be held.
- (3) The names of the operator and officers of the qualified organization.
- (4) A statement that any person can protest the proposed issuance of the annual bingo license.
- (5) A statement that the commission shall hold a public hearing if ten (10) written and signed protest letters are received by the commission.
- (6) The address of the commission where correspondence concerning the application may be sent.

~~(e)~~ **(e)** If the commission receives at least ten (10) protest letters, the commission shall hold a public hearing in accordance with IC 5-14-1.5. The commission shall issue a license or deny the application not later than sixty (60) days after the date of the public hearing.

~~(f)~~ **(f)** A license issued under this section:

- (1) may authorize the qualified organization to conduct bingo events on more than one (1) occasion during a period of one (1) year;
- (2) must state the locations of the permitted bingo events;
- (3) must state the expiration date of the license; and
- (4) may be reissued annually upon the submission of an application for reissuance on the form established by the commission and upon the licensee's payment of a fee set by the commission.

~~(g)~~ **(g)** Notwithstanding subsection ~~(c)(4); (f)(4)~~, the commission ~~shall~~ **may** hold a public hearing for the reissuance of an annual bingo license if **at least one (1) of the following conditions is met:**

- (1) An applicant has been cited for a violation of law or a rule of the commission. ~~or~~
- ~~(2) The commission finds, based upon investigation of at least three (3) written and signed complaints alleging a violation of law or a rule of the commission in connection with the bingo license, that one (1) or more of the alleged violations:~~

~~(A) has occurred;~~

~~(B) is a type of violation that would allow the commission to cite the applicant for a violation of a provision of this article or of a rule of the commission; and~~

~~(C) has not been corrected after notice has been given by the commission.~~

(2) The commission receives at least ten (10) protest letters concerning the qualified organization's bingo operation.

(3) A public hearing is considered necessary by the commission.

~~(g)~~ If the commission is required to hold a public hearing on an application for a reissuance of an annual bingo license, it shall comply with the same procedures required under this section for notice and for conducting the hearing:

~~(h)~~ The commission may deny a license if, after a public hearing, the commission determines that the applicant:

~~(1) has violated a local ordinance; or~~

~~(2) has engaged in fraud, deceit, or misrepresentation.~~

SECTION 19. IC 4-32.2-4-7.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 7.5. (a) Subject to subsection (h), the commission may issue an annual charity game night license to a qualified organization if:**

(1) the provisions of this section are satisfied; and

(2) the qualified organization:

(A) submits an application; and

(B) pays a fee set by the commission under IC 4-32.2-6.

(b) The commission may hold a public hearing to obtain input on the proposed issuance of an annual charity game night license to an applicant that has never held an annual charity game night license under this article.

(c) The first time that a qualified organization applies for an annual charity game night license, the qualified organization shall publish notice that the application has been filed by publication at least two (2) times, seven (7) days apart, as follows:

(1) In one (1) newspaper in the county where the qualified organization is located.

(2) In one (1) newspaper in the county where the allowable events will be conducted.

(d) The notification required by subsection (c) must contain the following:

(1) The name of the qualified organization and the fact that it has applied for an annual charity game night license.

(2) The location where the charity game night events will be held.

(3) The names of the operator and officers of the qualified organization.

(4) A statement that any person can protest the proposed issuance of the annual charity game night license.

(5) A statement that the commission shall hold a public hearing if ten (10) written and signed protest letters are received by the commission.

(6) The address of the commission where correspondence concerning the application may be sent.

(e) If the commission receives at least ten (10) protest letters, the commission shall hold a public hearing in accordance with IC 5-14-1.5. The commission shall issue a license or deny the application not later than sixty (60) days after the date of the public hearing.

(f) A license issued under this section:

- (1) may authorize the qualified organization to conduct charity game night events on more than one (1) occasion during a period of one (1) year;
- (2) must state the locations of the permitted charity game night events;
- (3) must state the expiration date of the license; and
- (4) may be reissued annually upon the submission of an application for reissuance on the form established by the commission and upon the licensee's payment of a fee set by the commission.

(g) Notwithstanding subsection (f)(4), the commission may hold a public hearing for the reissuance of an annual charity game night license if at least one (1) of the following conditions is met:

- (1) An applicant has been cited for a violation of law or a rule of the commission.
- (2) The commission receives at least ten (10) protest letters concerning the qualified organization's charity game night operation.
- (3) A public hearing is considered necessary by the commission.

(h) Notwithstanding IC 4-32.2-2-24, this section applies only to:

- (1) a bona fide civic organization; or
- (2) a bona fide veterans organization;

that has been continuously in existence in Indiana for ten (10) years. A qualified organization that is not described in this subsection may not apply for an annual charity game night license under this section.

SECTION 20. IC 4-32.2-4-8, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. ~~(a)~~ The commission may issue a raffle license to a qualified organization upon the organization's submission of an application and payment of a fee determined under IC 4-32.2-6. The license must:

- (1) authorize the qualified organization to conduct a raffle event at only one (1) time and location; and
- (2) state the date, beginning and ending times, and location of the raffle event.

~~(b) A qualified organization, by rule of the commission, may be excused from the requirement of obtaining a license to conduct a raffle event if the total market value of the prize or prizes to be awarded at the raffle event does not exceed one thousand dollars (\$1,000).~~

SECTION 21. IC 4-32.2-4-9, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) The ~~commissioner~~ **commission** may issue an annual raffle license to a qualified organization upon the organization's submission of an application

and payment of a fee determined under IC 4-32.2-6. The license must

- ~~(1) authorize the qualified organization to conduct not more than five (5) raffle events in the calendar year in which the license is issued; and~~
- ~~(2) state the date, beginning and ending times, and location of each raffle event conducted by the qualified organization in the calendar year.~~

if:

- (1) the provisions of this section are satisfied; and
- (2) the qualified organization:
 - (A) submits an application; and
 - (B) pays a fee set by the commission under IC 4-32.2-6.

(b) The application for an annual raffle prize license must contain the following:

- (1) The name of the qualified organization.
- (2) The location where the raffle events will be held.
- (3) The names of the operator and officers of the qualified organization.

(c) A license issued under this section:

- (1) may authorize the qualified organization to conduct raffle events on more than one (1) occasion during a period of one (1) year;
- (2) must state the locations of the permitted raffle events;
- (3) must state the expiration date of the license; and
- (4) may be reissued annually upon the submission of an application for reissuance on the form established by the commission and upon the licensee's payment of a fee set by the commission.

SECTION 22. IC 4-32.2-4-10, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. ~~(a)~~ The commission may issue a door prize license to a qualified organization upon the organization's submission of an application and payment of a fee determined under IC 4-32.2-6. The license must:

- (1) authorize the qualified organization to conduct a door prize event at only one (1) time and location; and
- (2) state the date, beginning and ending times, and location of the door prize event.

~~(b) A qualified organization, by rule of the commission, may be excused from the requirement of obtaining a license to conduct a door prize event if the total market value of the prize or prizes to be awarded at the door prize event does not exceed one thousand dollars (\$1,000).~~

SECTION 23. IC 4-32.2-4-11, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 11. (a) The commission may issue an annual door prize license to a qualified organization if:

- (1) the provisions of this section are satisfied; and
- (2) the qualified organization:
 - (A) submits an application; and
 - (B) pays a fee set by the commission under IC 4-32.2-6.

(b) The application for an annual door prize license must contain the following:

- (1) The name of the qualified organization.

- (2) The location where the door prize events will be held.
- (3) The names of the operator and officers of the qualified organization.

(c) A license issued under this section:

- (1) may authorize the qualified organization to conduct door prize events on more than one (1) occasion during a period of one (1) year;
- (2) must state the locations of the permitted door prize events;
- (3) must state the expiration date of the license; and
- (4) may be reissued annually upon the submission of an application for reissuance on the form established by the commission and upon the licensee's payment of a fee set by the commission.

~~(d) The commission may reject an application for an annual door prize license if, after a public hearing, the commission determines that the applicant:~~

- ~~(1) has violated a local ordinance; or~~
- ~~(2) has engaged in fraud, deceit, or misrepresentation.~~

SECTION 24. IC 4-32.2-4-12, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. (a) The commission may issue a festival license to a qualified organization upon the organization's submission of an application and payment of a fee determined under IC 4-32.2-6. The license must authorize the qualified organization to conduct bingo events, charity game nights, ~~one (1) raffle event, events, gambling events licensed under section 16 of this chapter,~~ and door prize events and to sell pull tabs, punchboards, and tip boards. The license must state the location and the dates, not exceeding four (4) consecutive days, on which these activities may be conducted.

(b) ~~Except as provided in IC 4-32.2-5-6(c),~~ a qualified organization may not conduct more than one (1) festival each year. ~~at which bingo events, charity game nights, raffle events, and door prize events, are conducted and pull tabs, punchboards, and tip boards are sold.~~

(c) The raffle event authorized by a festival license is not subject to the prize limits set forth in this chapter. Bingo events, charity game nights, and door prize events conducted at a festival are subject to the prize limits set forth in this chapter.

SECTION 25. IC 4-32.2-4-13, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13. (a) A bingo license or special bingo license may also authorize a qualified organization to conduct **raffle events and** door prize drawings and sell pull tabs, punchboards, and tip boards at the bingo event.

(b) A charity game night license may also authorize a qualified organization to:

- (1) conduct **raffle events and** door prize drawings; and
- (2) sell pull tabs, punchboards, and tip boards;

at the charity game night.

(c) A raffle license ~~or an annual raffle license~~ may also authorize a qualified organization to conduct door prize drawings and sell pull tabs, punchboards, and tip boards at the raffle event.

(d) A door prize license ~~or an annual door prize license~~ may

also authorize a qualified organization to **conduct a raffle event and to sell pull tabs, punchboards, and tip boards** at the door prize event.

SECTION 26. IC 4-32.2-4-14, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. A qualified organization may hold more than one (1) license at a time. ~~However, a qualified organization with multiple licenses may not hold a bingo event and raffle at the same event or at the same time and place unless, by express determination, the commission allows a qualified organization to do so. The commission may allow a qualified organization to conduct only one (1) event each year at which both bingo and a raffle may be held.~~

SECTION 27. IC 4-32.2-4-16, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 16. (a) This section applies to a gambling event that is described in neither:

- (1) section 1(1) through 1(6) of this chapter; nor
- (2) IC 4-32.2-2-12(b).

(b) The commission may issue a **single event license or an annual event license** to conduct a gambling event approved by the commission to a qualified organization upon the organization's submission of an application and payment of a fee determined under IC 4-32.2-6. ~~The~~

(c) A **single event license** must:

- (1) authorize the qualified organization to conduct the gambling event at only one (1) time and location; and
- (2) state the date, beginning and ending times, and location of the gambling event.

(d) An **annual event license**:

- (1) **must authorize the qualified organization to conduct the events on more than one (1) occasion during a period of one (1) year;**
- (2) **must state the locations of the permitted events;**
- (3) **must state the expiration date of the license; and**
- (4) **may be reissued annually upon the submission of an application for reissuance on the form established by the commission and upon the licensee's payment of a fee set by the commission.**

~~(e)~~ (e) The commission may impose any condition upon a qualified organization that is issued a license to conduct a gambling event under this section.

SECTION 28. IC 4-32.2-4-16.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 16.5. (a) The commission may issue an annual PPT license to a qualified organization upon the organization's submission of an application and payment of a fee determined under IC 4-32.2-6.**

(b) A license issued under this section authorizes a qualified organization to sell pull tabs, punchboards, and tip boards at any time on the premises owned or leased by the qualified organization and regularly used for the activities of the qualified organization.

(c) A license issued under this section is not required for the sale of pull tabs, punchboards, and tip boards at another

allowable event as permitted under section 13 of this chapter.

(d) The application for an annual PPT license must contain the following:

- (1) The name of the qualified organization.**
- (2) The location where the qualified organization will sell pull tabs, punchboards, and tip boards.**
- (3) The names of the operator and the officers of the qualified organization.**

SECTION 29. IC 4-32.2-4-18, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 18. (a) With respect to any action authorized by this section, a candidate's committee (as defined in IC 3-5-2-7) is considered a bona fide political organization.

(b) A candidate's committee may apply for a license under section 8 of this chapter to conduct a raffle event. A candidate's committee may ~~not also~~ conduct a **door prize drawing at the raffle event but is prohibited from conducting** any other kind of allowable event.

(c) The following are subject to this ~~article:~~ **chapter and IC 4-32.2-6:**

- (1) A candidate's committee that applies for a license under section 8 of this chapter.
- (2) A raffle event **or door prize drawing** conducted by a candidate's committee.

(d) The members of a candidate's committee may conduct an event under this section without meeting the requirements of this article concerning the membership of a qualified organization. A candidate's committee licensed under this section must remain in good standing with the election division or the county election board having jurisdiction over the committee.

SECTION 30. IC 4-32.2-5-3, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) All net proceeds from an allowable event and related activities may be used only for the lawful purposes of the qualified organization.

(b) To determine the net proceeds from an allowable event, a qualified organization shall subtract the following from the gross receipts received from the allowable event:

- (1) An amount equal to the total value of the prizes, including door prizes, awarded at the allowable event.
- (2) The sum of the purchase prices paid for licensed supplies dispensed at the allowable event.
- (3) An amount equal to the qualified organization's license fees attributable to the allowable event.
- (4) An amount equal to the advertising expenses incurred by the qualified organization to promote the allowable event.
- (5) An amount not to exceed two hundred dollars (\$200) per day for rent paid for facilities leased for an allowable event.**

SECTION 31. IC 4-32.2-5-5, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) A qualified organization shall maintain accurate records of all financial aspects of an

allowable event under this article. A qualified organization shall make accurate reports of all financial aspects of an allowable event to the commission within the time established by the commission. The commission may prescribe forms for this purpose. The commission shall, by rule, require a qualified organization to deposit funds received from an allowable event in a separate and segregated account set up for that purpose. All expenses of the qualified organization with respect to an allowable event shall be paid from the separate account.

(b) The commission may require a qualified organization to submit any records maintained under this section for an independent audit by a certified public accountant selected by the commission. A qualified organization must bear the cost of any audit required under this section.

SECTION 32. IC 4-32.2-5-6, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) A qualified organization may not conduct more than three (3) allowable events during a calendar week and not more than one (1) allowable event each day.

(b) Except as provided in IC 4-32.2-4-12 **and IC 4-32.2-4-16.5**, allowable events may not be held on more than two (2) consecutive days.

(c) A ~~bona fide civic~~ **qualified** organization may conduct one (1) additional ~~allowable festival~~ event during each six (6) months of a calendar year.

SECTION 33. IC 4-32.2-5-8, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) ~~Except as provided in subsection (d);~~ If facilities are leased for an allowable event, the rent may not

~~(1) be based in whole or in part on the revenue generated from the event. or~~

~~(2) exceed two hundred dollars (\$200) per day.~~

(b) A facility may not be rented for more than three (3) days during a calendar week for an allowable event.

(c) If personal property is leased for an allowable event, the rent may not be based in whole or in part on the revenue generated from the event.

~~(d) If a qualified organization conducts an allowable event in conjunction with or at the same facility where the qualified organization or its affiliate is having a convention or other meeting of its membership, facility rent for the allowable event may exceed two hundred dollars (\$200) per day. A qualified organization may conduct only one (1) allowable event under this subsection in a calendar year.~~

SECTION 34. IC 4-32.2-5-12, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. (a) Except as provided in subsection (b) **or (c)**, an operator or a worker **who is not a full-time employee** may not receive remuneration for:

~~(1) preparing for;~~

~~(2) (1) conducting; or~~

~~(3) (2) assisting in conducting;~~

~~(4) cleaning up after; or~~

(5) taking any other action in connection with, an allowable event.

(b) A qualified organization that conducts an allowable event may:

- (1) provide meals for the operators and workers during the allowable event; and
- (2) provide recognition dinners and social events for the operators and workers;

if the value of the meals and social events does not constitute a significant inducement to participate in the conduct of the allowable event.

(c) In the case of a qualified organization holding a PPT license, any employee of the qualified organization may:

- (1) participate in the sale and redemption of pull tabs, punchboards, and tip boards on the premises of the qualified organization; and
- (2) receive the remuneration ordinarily provided to the employee in the course of the employee's employment.

SECTION 35. IC 4-32.2-5-16, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 16. (a) Except as provided in section 12(c) of this chapter and subsection (b), a worker must be a member in good standing of a qualified organization that is conducting an allowable event for at least thirty (30) days at the time of the allowable event.

(b) A qualified organization may allow an individual who is not a member of the qualified organization to participate in an allowable event as a worker if the individual is a full-time employee of the qualified organization that is conducting the allowable event or if:

- (1) the individual is a member of another qualified organization; and
- (2) the individual's participation is approved by the commission.

A qualified organization may apply to the commission on a form prescribed by the commission for approval of the participation of a nonmember under this subsection. A qualified organization may share the proceeds of an allowable event with the qualified organization in which a worker participating in the allowable event under this subsection is a member. The tasks that will be performed by an individual participating in an allowable event under this subsection and the amounts shared with the individual's qualified organization must be described in the application and approved by the commission.

(c) For purposes of:

- (1) the licensing requirements of this article; and
- (2) section 9 of this chapter;

a qualified organization that receives a share of the proceeds of an allowable event described in subsection (b) is not considered to be conducting an allowable event.

SECTION 36. IC 4-32.2-5-22, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 22. If an employee or officer of a manufacturer or distributor is a member of a bona fide civic or bona fide religious organization that holds a charity gaming license;

the employee's or officer's membership in the organization may not be construed as an affiliation with the organization's charity gaming operations. An employee, officer, or owner of a manufacturer or distributor is prohibited from participating in or affiliating in any way with the charity gaming operations of a qualified organization of which the employee, officer, or owner is a member.

SECTION 37. IC 4-32.2-6-3, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) In the case of a qualified organization that is not subject to subsection (b), the qualified organization's adjusted gross revenue is an amount equal to the difference between:

- (1) the qualified organization's total gross revenue from allowable events and related activities in the preceding year; minus
- (2) the sum of any amounts deducted under IC 4-32.2-5-3(b)(5) in the preceding year.

(b) This subsection applies only to a qualified organization that held a license under IC 4-32.2-4-6, IC 4-32.2-4-7, IC 4-32.2-4-8, IC 4-32.2-4-10, or IC 4-32.2-4-12. The qualified organization's adjusted gross revenue is an amount equal to the difference between:

- (1) the qualified organization's total gross revenue from the preceding event and related activities; minus
- (2) any amount deducted under IC 4-32.2-5-3(b)(5) for the preceding event.

(c) The license fee that is charged to a qualified organization that renews the license must be based on the total adjusted gross revenue of the qualified organization from allowable events and related activities in the preceding year, or, if the qualified organization held a license under IC 4-32.2-4-6, IC 4-32.2-4-7, IC 4-32.2-4-8, IC 4-32.2-4-10, or IC 4-32.2-4-12, the fee must be based on the total adjusted gross revenue of the qualified organization from the preceding event and related activities, according to the following schedule:

Class	Adjusted Gross Revenues		Fee
	At Least	But Less Than	
A	\$ 0	\$ 15,000	\$ 50
B	\$ 15,000	\$ 25,000	\$ 100
C	\$ 25,000	\$ 50,000	\$ 300
D	\$ 50,000	\$ 75,000	\$ 400
E	\$ 75,000	\$ 100,000	\$ 700
F	\$ 100,000	\$ 150,000	\$ 1,000
G	\$ 150,000	\$ 200,000	\$ 1,500
H	\$ 200,000	\$ 250,000	\$ 1,800
I	\$ 250,000	\$ 300,000	\$ 2,500
J	\$ 300,000	\$ 400,000	\$ 3,250
K	\$ 400,000	\$ 500,000	\$ 5,000
L	\$ 500,000	\$ 750,000	\$ 6,750
M	\$ 750,000	\$ 1,000,000	\$ 9,000
N	\$ 1,000,000	\$ 1,250,000	\$ 11,000
O	\$ 1,250,000	\$ 1,500,000	\$ 13,000
P	\$ 1,500,000	\$ 1,750,000	\$ 15,000
Q	\$ 1,750,000	\$ 2,000,000	\$ 17,000

R	\$ 2,000,000	\$ 2,250,000	\$ 19,000
S	\$ 2,250,000	\$ 2,500,000	\$ 21,000
T	\$ 2,500,000	\$ 3,000,000	\$ 24,000
U	\$ 3,000,000		\$ 26,000

SECTION 38. IC 4-32.2-7-1, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. As used in this chapter, "surplus revenue" means the amount of money in the charity gaming enforcement fund that is not required to meet the costs of administration and the cash flow needs of the commission under this article, **IC 4-33-19, and IC 4-33-20.**

SECTION 39. IC 4-32.2-7-6, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. There is appropriated annually to the commission from the fund an amount sufficient to cover the costs incurred by the commission for the purposes specified in this article, **IC 4-33-19, and IC 4-33-20.**

SECTION 40. IC 4-32.2-8-1, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) The commission may suspend or revoke the license of or levy a civil penalty against a qualified organization, **a manufacturer, a distributor,** or an individual under this article for any of the following:

- (1) Violation of:
 - (A) a provision of this article, ~~or of IC 35-45-5-3, IC 35-45-5-3.5, IC 35-45-5-4,~~ or a rule of the commission; **or**
 - (B) **any other local ordinance, state or federal statute, or administrative rule or regulation that would cause the commission to determine that the person is not of good moral character or reputation.**
- (2) Failure to accurately account for
 - (A) ~~bingo cards;~~
 - (B) ~~bingo boards;~~
 - (C) ~~bingo sheets;~~
 - (D) ~~bingo pads;~~
 - (E) ~~pull tabs;~~
 - (F) ~~punchboards;~~ **or**
 - (G) ~~tip boards;~~**a licensed supply.**
- (3) Failure to accurately account for sales proceeds from an event or activity licensed or permitted under this article.
- (4) Commission of a fraud, deceit, or misrepresentation.
- (5) Conduct prejudicial to public confidence in the commission.

(b) If a violation is of a continuing nature, the commission may impose a civil penalty upon a licensee or an individual for each day the violation continues.

(c) For purposes of subsection (a), a finding that a person has violated IC 35-45-5-3, IC 35-45-5-3.5, or IC 35-45-5-4 must be supported by a preponderance of the evidence.

SECTION 41. IC 4-32.2-9-2, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS

[EFFECTIVE JULY 1, 2007]: Sec. 2. An employee of the commission may do any of the following:

- (1) Investigate an alleged violation of this article.
- (2) Arrest an alleged violator of this article. ~~or of a rule adopted by the commission.~~
- (3) Enter upon the following premises for the performance of the employee's lawful duties:
 - (A) A location where a bingo event, charity game night, **festival event,** raffle, ~~or~~ door prize drawing, **or other charity gambling event licensed under IC 4-32.2-4-16** is being conducted.
 - (B) A location where pull tabs, tip boards, or punchboards are being purchased, sold, manufactured, printed, or stored.
- (4) Take necessary equipment from the premises for further investigation.
- (5) Obtain full access to all financial records of the entity upon request.
- (6) If there is a reason to believe that a violation has occurred, search and inspect the premises where the violation is alleged to have occurred or is occurring. A search under this subdivision may not be conducted unless a warrant has first been obtained by the executive director. A contract entered into by the executive director may not include a provision allowing for warrantless searches. A warrant may be obtained in the county where the search will be conducted or in Marion County.
- (7) Seize or take possession of:
 - (A) papers;
 - (B) records;
 - (C) tickets;
 - (D) currency; or
 - (E) other items;
 related to an alleged violation.

SECTION 42. IC 4-32.2-9-3, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) The commission shall conduct investigations necessary to ensure the security and integrity of the operation of games of chance under this article. The commission may conduct investigations of the following:

- (1) Licensed qualified organizations.
- (2) Applicants for licenses issued under this article.
- ~~(3) Licensed manufacturers and distributors.~~
- (3) Entities that sell, manufacture, or distribute licensed supplies.**
- (4) Employees of the commission under this article.
- (5) Applicants for contracts or employment with the commission under this article.
- (6) Individuals engaged in conducting allowable events.**

(b) The commission may require persons subject to an investigation under subsection (a) to provide information, including fingerprints, that is:

- (1) required by the commission to carry out the investigation; or

(2) otherwise needed to facilitate access to state and criminal history information.

SECTION 43. IC 4-32.2-9-6, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) This section applies only to products sold in Indiana.

(b) If a licensed manufacturer or distributor destroys, discontinues, or otherwise renders unusable

- (1) bingo supplies;
- (2) punchboards; or
- (3) tip boards;

a licensed supply, the manufacturer or distributor shall provide the commission with a written list of the items destroyed, discontinued, or rendered otherwise unusable.

(c) The list required under subsection (b) must contain the following information concerning the items destroyed, discontinued, or rendered otherwise unusable:

- (1) The quantity.
- (2) A description.
- (3) The serial numbers.
- (4) The date the items were destroyed, discontinued, or rendered otherwise unusable.

(d) Notwithstanding subsection (b), this section does not apply to a product considered defective by the manufacturer or distributor.

SECTION 44. IC 4-32.2-9-8, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. A manufacturer or distributor of ~~supplies, devices, or equipment described in IC 4-32.2-3-4(a)~~ a licensed supply to be used in charity gaming in Indiana must file a quarterly report listing the manufacturer's or distributor's sales of the ~~supplies, devices, and equipment:~~ licensed supply.

SECTION 45. IC 4-33-2-11.6, AS ADDED BY P.L.170-2005, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 11.6. "Law enforcement agency" means any of the following:

- (1) The gaming agents of the Indiana gaming commission.
- (2) The state police department.
- (3) The conservation officers of the department of natural resources.
- (4) The state excise police of the alcohol and tobacco commission.
- (5) The gaming control officers of the Indiana gaming commission.

SECTION 46. IC 4-33-3-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 19. (a) The executive director shall devote the executive director's full time to the duties of the office. ~~and shall not hold any other office or employment.~~

(b) The executive director shall do the following:

- (1) Keep records of all proceedings of the commission.
- (2) Preserve all papers, books, documents, and other records belonging to or held by the commission.

SECTION 47. IC 4-33-19 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS

[EFFECTIVE JULY 1, 2007]:

Chapter 19. License Control Division

Sec. 1. As used in this chapter, "division" means the license control division established by section 3 of this chapter.

Sec. 2. As used in this chapter, "licensed entity" means a person holding:

- (1) a charity gaming license issued under IC 4-32.2;
- (2) a retail merchant's certificate issued under IC 6-2.5-8;
- (3) a tobacco sales certificate issued under IC 7.1-3-18.5; or
- (4) an alcoholic beverage permit issued under IC 7.1-3.

Sec. 3. The license control division is established to conduct administrative enforcement actions against licensed entities engaged in unlawful gambling.

Sec. 4. The commission shall hire an administrative law judge, attorneys, and other personnel necessary to carry out the division's duties under this chapter.

Sec. 5. The division shall carry out the commission's duties under IC 4-32.2-8 and IC 4-32.2-9 with respect to any person that is:

- (1) licensed under IC 4-32.2; and
- (2) suspected of violating IC 35-45-5-3, IC 35-45-5-3.5, or IC 35-45-5-4.

Sec. 6. The division shall, on behalf of the department of state revenue or the alcohol and tobacco commission, conduct a license revocation action against a licensed entity for any revocation action authorized by any of the following statutes:

- (1) IC 6-2.5-8-7(g).
- (2) IC 7.1-3-18.5-5(c).
- (3) IC 7.1-3-23-2(b).
- (4) IC 7.1-3-23-5 with respect to a violation of IC 35-45-5-3, IC 35-45-5-3.5, or IC 35-45-5-4.

Sec. 7. (a) A memorandum of understanding between the commission and:

- (1) the department of state revenue in the case of an action involving a person holding a retail merchant's certificate; or
- (2) the alcohol and tobacco commission in the case of an action involving a person holding a tobacco sales certificate or an alcoholic beverage permit;

is required to authorize the division's actions under section 6 of this chapter

(b) The agencies described in subsection (a) shall enter into the memorandum of understanding required by this section before January 1, 2008.

Sec. 8. (a) A memorandum of understanding required by section 7 of this chapter must describe the responsibilities of each participating agency in coordinating the agencies' administrative enforcement actions with respect to suspected violations of IC 35-45-5-3, IC 35-45-5-3.5, and IC 35-45-5-4.

(b) Each party to the memorandum of understanding required by section 7 of this chapter must agree to permit the license revocation actions subject to this chapter to be heard by an administrative law judge employed by the division.

(c) A memorandum of understanding required by section 7

of this chapter must set forth the administrative procedures applicable to each revocation action conducted under this chapter.

Sec. 9. The division may refer any information concerning suspected criminal activity discovered in carrying out the division's duties under this chapter to the prosecuting attorney of the county in which the suspected criminal activity occurred.

Sec. 10. The commission shall assign gaming control officers employed under IC 4-33-20 to assist the division in carrying out the duties of this chapter.

SECTION 48. IC 4-33-20 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

Chapter 20. Gaming Control Division

Sec. 1. As used in this chapter, "gaming control officer" refers to an officer employee of the division.

Sec. 2. As used in this chapter, "division" refers to the gaming control division established under section 3 of this chapter.

Sec. 3. The commission shall establish a law enforcement division known as the gaming control division.

Sec. 4. The gaming control division shall be organized in conformity with rules adopted by the commission.

Sec. 5. The commission shall:

- (1) pay all personnel costs incurred by the division; and
- (2) purchase all property, supplies, and equipment for the division;

from money deposited in the charity gaming enforcement fund established by IC 4-32.2-7-3.

Sec. 6. The commission shall initially staff the division with sixteen (16) gaming control officers. Subject to the availability of funds in the charity gaming enforcement fund, the commission may increase the number of gaming control officers employed by the division at its discretion.

Sec. 7. (a) The commission shall provide each gaming control officer the uniforms and equipment necessary to the performance of the gaming control officer's duties. All uniforms and equipment remain the property of the state.

(b) The executive director shall charge against a gaming control officer the value of property lost or destroyed through carelessness or neglect of the employee. The value of the equipment shall be deducted from the pay of the gaming control officer.

Sec. 8. The commission shall create a matrix for salary ranges for gaming control officers, which must be reviewed and approved by the budget agency before implementation.

Sec. 9. A gaming control officer:

- (1) is a law enforcement officer under IC 9-13-2-92 and IC 35-41-1-17 and has the power to enforce Indiana laws and without warrant to arrest for the violation of any of those laws when committed in the officer's presence;
- (2) is a police officer under IC 9-13-2-127;
- (3) has the power of law enforcement officers to arrest under IC 35-33-1-1; and
- (4) has the power to enforce Indiana laws and may

exercise all powers granted by law to state police officers, sheriffs, and members of police departments.

Sec. 10. A gaming control officer shall investigate a suspected violation of IC 35-45-5-3, IC 35-45-5-3.5, or IC 35-45-5-4 by a person holding any of the following:

- (1) A retail merchant's certificate issued under IC 6-2.5-8.
- (2) A tobacco sales certificate issued under IC 7.1-3-18.5.
- (3) An alcoholic beverage permit issued under IC 7.1-3.

Sec. 11. (a) A uniformed gaming control officer shall carry arms in the performance of the officer's duty.

(b) A nonuniformed gaming control officer may carry arms in the performance of the officer's duty.

Sec. 12. Each gaming control officer shall execute a surety bond in the amount of one thousand dollars (\$1,000), with surety approved by the commission, and an oath of office, both of which must be filed with the executive director.

Sec. 13. (a) The injury to, injury to the health of, or death of a gaming control officer is compensable under the appropriate provisions of IC 22-3-2 through IC 22-3-7 if the injury, injury to the health of, or death arises out of and in the course of the performance of the officer's duties as a gaming control officer.

(b) For purposes of subsection (a) and IC 22-3-2 through IC 22-3-7, a gaming control officer is conclusively presumed to have accepted the compensation provisions included in the parts of the Indiana Code referred to in this subsection.

Sec. 14. An eligible gaming control officer who retires with at least twenty (20) years of service as a gaming control officer:

- (1) may retain the officer's service weapon;
- (2) may receive, in recognition of the officer's service to the commission and to the public, a badge that indicates that the officer is retired; and
- (3) shall be issued by the commission an identification card stating the officer's name and rank, signifying that the officer is retired, and noting the officer's authority to retain the service weapon.

SECTION 49. IC 5-10-1.5-1, AS AMENDED BY P.L.170-2005, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 1.** Each retirement plan for employees of the state or of a political subdivision shall report annually on September 1 to the public employees' retirement fund the information from the preceding fiscal year necessary for the actuary of the fund to perform an actuarial valuation of each plan. Where the director and actuary of the fund consider it appropriate, the actuary may combine one (1) retirement plan with another or with the public employees' retirement fund for the purposes of the actuarial valuation. The retirement plans covered by this chapter are the following:

- (1) The state excise police, gaming agent, **gaming control officer**, and conservation enforcement officers' retirement plan established under IC 5-10-5.5.
- (2) The "trust fund" and "pension trust" of the state police department established under IC 10-12-2.
- (3) Each of the police pension funds established or covered under IC 19-1-18, IC 19-1-30, IC 19-1-25-4, or IC 36-8.
- (4) Each of the firemen's pension funds established or covered

under IC 19-1-37, IC 18-1-12, IC 19-1-44, or IC 36-8.

(5) Each of the retirement funds for utility employees authorized under IC 19-3-22 or IC 36-9 or established under IC 19-3-31.

(6) Each county police force pension trust and trust fund authorized under IC 17-3-14 or IC 36-8.

(7) The Indiana judges' retirement fund established under IC 33-38-6.

(8) Each retirement program adopted by a board of a local health department as authorized under IC 16-1-4-25 (before its repeal) or IC 16-20-1-3.

(9) Each retirement benefit program of a joint city-county health department under IC 16-1-7-16 (before its repeal).

(10) Each pension and retirement plan adopted by the board of trustees or governing body of a county hospital as authorized under IC 16-12.1-3-8 (before its repeal) or IC 16-22-3-11.

(11) Each pension or retirement plan and program for hospital personnel in certain city hospitals as authorized under IC 16-12.2-5 (before its repeal) or IC 16-23-1.

(12) Each retirement program of the health and hospital corporation of a county as authorized under IC 16-12-21-27 (before its repeal) or IC 16-22-8-34.

(13) Each pension plan provided by a city, town, or county housing authority as authorized under IC 36-7.

(14) Each pension and retirement program adopted by a public transportation corporation as authorized under IC 36-9.

(15) Each system of pensions and retirement benefits of a regional transportation authority as authorized or required by IC 36-9.

(16) Each employee pension plan adopted by the board of an airport authority under IC 8-22-3.

(17) The pension benefit paid for the national guard by the state as established under IC 10-16-7.

(18) The pension fund allowed employees of the Wabash Valley interstate commission as authorized under IC 13-5-1-3.

(19) Each system of pensions and retirement provided by a unit under IC 36-1-3.

SECTION 50. IC 5-10-1.7-1, AS AMENDED BY P.L.2-2006, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) The retirement plans covered by this chapter are:

(1) The state excise police, gaming agent, **gaming control officer**, and conservation officers' retirement plan, established under IC 5-10-5.5.

(2) The public employees' retirement fund, established under IC 5-10.3-2.

(3) The trust fund and pension trust of the department of state police, established under IC 10-12-2.

(4) The Indiana state teachers' retirement fund, established under IC 5-10.4-2.

(5) The Indiana judges' retirement fund, established under IC 33-38-6.

(6) The police officers' and firefighters' pension and disability

fund established under IC 36-8-8-4.

(b) As used in this chapter, "board" means the board of trustees of a retirement plan covered by this chapter.

SECTION 51. IC 5-10-5.5-1, AS AMENDED BY P.L.170-2005, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. As used in this chapter and unless the context clearly denotes otherwise:

(a) "Department" means the Indiana department of natural resources.

(b) "Commission" means the alcohol and tobacco commission.

(c) "Officer" means any Indiana state excise police officer, any Indiana state conservation enforcement officer, ~~or~~ any gaming agent, **or any gaming control officer**.

(d) "Participant" means any officer who has elected to participate in the retirement plan created by this chapter.

(e) "Salary" means the total compensation, exclusive of expense allowances, paid to any officer by the department or the commission, determined without regard to any salary reduction agreement established under Section 125 of the Internal Revenue Code.

(f) "Average annual salary" means the average annual salary of an officer during the five (5) years of highest annual salary in the ten (10) years immediately preceding an officer's retirement date, determined without regard to any salary reduction agreement established under Section 125 of the Internal Revenue Code.

(g) "Public employees' retirement act" means IC 5-10.3.

(h) "Public employees' retirement fund" means the public employees' retirement fund created by IC 5-10.3-2.

(i) "Interest" means the same rate of interest as is specified under the public employees' retirement law.

(j) "Americans with Disabilities Act" refers to the Americans with Disabilities Act (42 U.S.C. 12101 et seq.) and any amendments and regulations related to the Act.

(k) Other words and phrases when used in this chapter shall, for the purposes of this chapter, have the meanings respectively ascribed to them as set forth in IC 5-10.3-1.

SECTION 52. IC 5-10-5.5-2, AS AMENDED BY P.L.170-2005, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. There is hereby created a state excise police, gaming agent, **gaming control officer**, and conservation enforcement officers' retirement plan to establish a means of providing special retirement, disability and survivor benefits to employees of the department, the Indiana gaming commission, and the commission who are engaged exclusively in the performance of law enforcement duties.

SECTION 53. IC 5-10-5.5-2.5, AS AMENDED BY P.L.170-2005, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2.5. (a) As used in this chapter, "Internal Revenue Code":

(1) means the Internal Revenue Code of 1954, as in effect on September 1, 1974, if permitted with respect to governmental plans; or

(2) to the extent not inconsistent with subdivision (1), has the meaning set forth in IC 6-3-1-11.

(b) The state excise police, gaming agent, **gaming control officer**, and conservation officers' retirement plan shall satisfy the qualification requirements in Section 401 of the Internal Revenue Code, as applicable to the retirement plan. In order to meet those requirements, the retirement plan is subject to the following provisions, notwithstanding any other provision of this chapter:

- (1) The board shall distribute the corpus and income of the retirement plan to participants and their beneficiaries in accordance with this chapter.
- (2) No part of the corpus or income of the retirement plan may be used or diverted to any purpose other than the exclusive benefit of the participants and their beneficiaries.
- (3) Forfeitures arising from severance of employment, death, or for any other reason may not be applied to increase the benefits any participant would otherwise receive under this chapter.
- (4) If the retirement plan is terminated, or if all contributions to the retirement plan are completely discontinued, the rights of each affected participant to the benefits accrued at the date of the termination or discontinuance, to the extent then funded, are nonforfeitable.
- (5) All benefits paid from the retirement plan shall be distributed in accordance with the requirements of Section 401(a)(9) of the Internal Revenue Code and the regulations under that section. In order to meet those requirements, the retirement plan is subject to the following provisions:
 - (A) The life expectancy of a participant, the participant's spouse, or the participant's beneficiary shall not be recalculated after the initial determination, for purposes of determining benefits.
 - (B) If a participant dies before the distribution of the participant's benefits has begun, distributions to beneficiaries must begin no later than December 31 of the calendar year immediately following the calendar year in which the participant died.
 - (C) The amount of an annuity paid to a participant's beneficiary may not exceed the maximum determined under the incidental death benefit requirement of the Internal Revenue Code.
- (6) The board may not:
 - (A) determine eligibility for benefits;
 - (B) compute rates of contribution; or
 - (C) compute benefits of participants or beneficiaries;
 in a manner that discriminates in favor of participants who are considered officers, supervisors, or highly compensated, as prohibited under Section 401(a)(4) of the Internal Revenue Code.
- (7) Benefits paid under this chapter may not exceed the maximum benefit specified by Section 415 of the Internal Revenue Code.
- (8) The salary taken into account under this chapter may not exceed the applicable amount under Section 401(a)(17) of the Internal Revenue Code.
- (9) The board may not engage in a transaction prohibited by

Section 503(b) of the Internal Revenue Code.

SECTION 54. IC 5-10-5.5-3.5, AS AMENDED BY P.L.170-2005, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3.5. The state excise police, gaming agent, **gaming control officer**, and conservation enforcement officers' retirement plan shall be administered in a manner that is consistent with the Americans with Disabilities Act, to the extent required by the Act.

SECTION 55. IC 5-10-8-6, AS AMENDED BY P.L.1-2006, SECTION 95, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) The state police department, conservation officers of the department of natural resources, gaming agents of the Indiana gaming commission, **gaming control officers of the Indiana gaming commission**, and the state excise police may establish common and unified plans of self-insurance for their employees, including retired employees, as separate entities of state government. These plans may be administered by a private agency, business firm, limited liability company, or corporation.

(b) Except as provided in IC 5-10-14, the state agencies listed in subsection (a) may not pay as the employer part of benefits for any employee or retiree an amount greater than that paid for other state employees for group insurance.

SECTION 56. IC 5-10-10-4, AS AMENDED BY P.L.43-2006, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. As used in this chapter, "public safety officer" means any of the following:

- (1) A state police officer.
- (2) A county sheriff.
- (3) A county police officer.
- (4) A correctional officer.
- (5) An excise police officer.
- (6) A county police reserve officer.
- (7) A city police reserve officer.
- (8) A conservation enforcement officer.
- (9) A town marshal.
- (10) A deputy town marshal.
- (11) A probation officer.
- (12) A state university, college, or junior college police officer appointed under IC 20-12-3.5.
- (13) A police officer whose employer purchases coverage under section 4.5 of this chapter.
- (14) An emergency medical services provider (as defined in IC 16-41-10-1) who is:
 - (A) employed by a political subdivision (as defined in IC 36-1-2-13); and
 - (B) not eligible for a special death benefit under IC 36-8-6-20, IC 36-8-7-26, IC 36-8-7.5-22, or IC 36-8-8-20.
- (15) A firefighter who is employed by the fire department of a state university.
- (16) A firefighter whose employer purchases coverage under section 4.5 of this chapter.
- (17) A member of a consolidated law enforcement department

established under IC 36-3-1-5.1.

(18) A gaming agent of the Indiana gaming commission.

(19) A person who is:

(A) employed by a political subdivision (as defined in IC 36-1-2-13); and

(B) appointed as a special deputy under IC 36-8-10-10.6.

(20) A gaming control officer of the Indiana gaming commission.

SECTION 57. IC 5-14-3-2, AS AMENDED BY P.L.1-2006, SECTION 101, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) The definitions set forth in this section apply throughout this chapter.

(b) "Copy" includes transcribing by handwriting, photocopying, xerography, duplicating machine, duplicating electronically stored data onto a disk, tape, drum, or any other medium of electronic data storage, and reproducing by any other means.

(c) "Direct cost" means one hundred five percent (105%) of the sum of the cost of:

(1) the initial development of a program, if any;

(2) the labor required to retrieve electronically stored data; and

(3) any medium used for electronic output;

for providing a duplicate of electronically stored data onto a disk, tape, drum, or other medium of electronic data retrieval under section 8(g) of this chapter, or for reprogramming a computer system under section 6(c) of this chapter.

(d) "Electronic map" means copyrighted data provided by a public agency from an electronic geographic information system.

(e) "Enhanced access" means the inspection of a public record by a person other than a governmental entity and that:

(1) is by means of an electronic device other than an electronic device provided by a public agency in the office of the public agency; or

(2) requires the compilation or creation of a list or report that does not result in the permanent electronic storage of the information.

(f) "Facsimile machine" means a machine that electronically transmits exact images through connection with a telephone network.

(g) "Inspect" includes the right to do the following:

(1) Manually transcribe and make notes, abstracts, or memoranda.

(2) In the case of tape recordings or other aural public records, to listen and manually transcribe or duplicate, or make notes, abstracts, or other memoranda from them.

(3) In the case of public records available:

(A) by enhanced access under section 3.5 of this chapter; or

(B) to a governmental entity under section 3(c)(2) of this chapter;

to examine and copy the public records by use of an electronic device.

(4) In the case of electronically stored data, to manually transcribe and make notes, abstracts, or memoranda or to

duplicate the data onto a disk, tape, drum, or any other medium of electronic storage.

(h) "Investigatory record" means information compiled in the course of the investigation of a crime.

(i) "Patient" has the meaning set out in IC 16-18-2-272(d).

(j) "Person" means an individual, a corporation, a limited liability company, a partnership, an unincorporated association, or a governmental entity.

(k) "Provider" has the meaning set out in ~~IC 16-18-2-295(a)~~ **IC 16-18-2-295(b)** and includes employees of the state department of health or local boards of health who create patient records at the request of another provider or who are social workers and create records concerning the family background of children who may need assistance.

(l) "Public agency" means the following:

(1) Any board, commission, department, division, bureau, committee, agency, office, instrumentality, or authority, by whatever name designated, exercising any part of the executive, administrative, judicial, or legislative power of the state.

(2) Any:

(A) county, township, school corporation, city, or town, or any board, commission, department, division, bureau, committee, office, instrumentality, or authority of any county, township, school corporation, city, or town;

(B) political subdivision (as defined by IC 36-1-2-13); or
(C) other entity, or any office thereof, by whatever name designated, exercising in a limited geographical area the executive, administrative, judicial, or legislative power of the state or a delegated local governmental power.

(3) Any entity or office that is subject to:

(A) budget review by either the department of local government finance or the governing body of a county, city, town, township, or school corporation; or

(B) an audit by the state board of accounts.

(4) Any building corporation of a political subdivision that issues bonds for the purpose of constructing public facilities.

(5) Any advisory commission, committee, or body created by statute, ordinance, or executive order to advise the governing body of a public agency, except medical staffs or the committees of any such staff.

(6) Any law enforcement agency, which means an agency or a department of any level of government that engages in the investigation, apprehension, arrest, or prosecution of alleged criminal offenders, such as the state police department, the police or sheriff's department of a political subdivision, prosecuting attorneys, members of the excise police division of the alcohol and tobacco commission, conservation officers of the department of natural resources, gaming agents of the Indiana gaming commission, **gaming control officers of the Indiana gaming commission**, and the security division of the state lottery commission.

(7) Any license branch staffed by employees of the bureau of motor vehicles commission under IC 9-16.

(8) The state lottery commission established by IC 4-30-3-1, including any department, division, or office of the commission.

(9) The Indiana gaming commission established under IC 4-33, including any department, division, or office of the commission.

(10) The Indiana horse racing commission established by IC 4-31, including any department, division, or office of the commission.

(m) "Public record" means any writing, paper, report, study, map, photograph, book, card, tape recording, or other material that is created, received, retained, maintained, or filed by or with a public agency and which is generated on paper, paper substitutes, photographic media, chemically based media, magnetic or machine readable media, electronically stored data, or any other material, regardless of form or characteristics.

(n) "Standard-sized documents" includes all documents that can be mechanically reproduced (without mechanical reduction) on paper sized eight and one-half (8 ½) inches by eleven (11) inches or eight and one-half (8 ½) inches by fourteen (14) inches.

(o) "Trade secret" has the meaning set forth in IC 24-2-3-2.

(p) "Work product of an attorney" means information compiled by an attorney in reasonable anticipation of litigation. The term includes the attorney's:

- (1) notes and statements taken during interviews of prospective witnesses; and
- (2) legal research or records, correspondence, reports, or memoranda to the extent that each contains the attorney's opinions, theories, or conclusions.

This definition does not restrict the application of any exception under section 4 of this chapter.

SECTION 58. IC 6-2.5-8-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) The department may, for good cause, revoke a certificate issued under section 1, 3, or 4 of this chapter. However, the department must give the certificate holder at least five (5) days notice before it revokes the certificate under this subsection.

(b) The department shall revoke a certificate issued under section 1, 3, or 4 of this chapter if, for a period of three (3) years, the certificate holder fails to:

- (1) file the returns required by IC 6-2.5-6-1; or
- (2) report the collection of any state gross retail or use tax on the returns filed under IC 6-2.5-6-1.

However, the department must give the certificate holder at least five (5) days notice before it revokes the certificate.

(c) The department may, for good cause, revoke a certificate issued under section 1 of this chapter after at least five (5) days notice to the certificate holder if:

- (1) the certificate holder is subject to an innkeeper's tax under IC 6-9; and
- (2) a board, bureau, or commission established under IC 6-9 files a written statement with the department.

(d) The statement filed under subsection (c) must state that:

- (1) information obtained by the board, bureau, or commission

under IC 6-8.1-7-1 indicates that the certificate holder has not complied with IC 6-9; and

(2) the board, bureau, or commission has determined that significant harm will result to the county from the certificate holder's failure to comply with IC 6-9.

(e) The department shall revoke or suspend a certificate issued under section 1 of this chapter after at least five (5) days notice to the certificate holder if:

(1) the certificate holder owes taxes, penalties, fines, interest, or costs due under IC 6-1.1 that remain unpaid at least sixty (60) days after the due date under IC 6-1.1; and

(2) the treasurer of the county to which the taxes are due requests the department to revoke or suspend the certificate.

(f) The department shall reinstate a certificate suspended under subsection (e) if the taxes and any penalties due under IC 6-1.1 are paid or the county treasurer requests the department to reinstate the certificate because an agreement for the payment of taxes and any penalties due under IC 6-1.1 has been reached to the satisfaction of the county treasurer.

(g) The department shall revoke a certificate issued under section 1 of this chapter after at least five (5) days notice to the certificate holder if the department finds in a public hearing by a preponderance of the evidence that the certificate holder has violated IC 35-45-5-3, IC 35-45-5-3.5, or IC 35-45-5-4.

SECTION 59. IC 6-8.1-3-20 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 20. (a) The department shall enter a memorandum of understanding with the Indiana gaming commission authorizing the commission's unlawful gaming enforcement division to conduct actions to revoke retail merchant certificates under IC 6-2.5-8-7(g) in the manner specified in the memorandum of understanding.**

(b) A memorandum of understanding entered into under this section must comply with the requirements of IC 4-33-19-8.

(c) The memorandum of understanding required by this section must be entered into before January 1, 2008.

SECTION 60. IC 7.1-2-3-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. ~~Investigations:~~

(a) The commission shall have the power to investigate the violation of a provision of this title and of the rules and regulations of the commission and to report its findings to the prosecuting attorney or the grand jury of the county in which the violation occurred; occurred, or to the attorney general.

(b) The commission shall enter a memorandum of understanding with the Indiana gaming commission authorizing the commission's unlawful gaming enforcement division to conduct revocation actions resulting from suspected violations of IC 35-45-5-3, IC 35-45-5-3.5, or IC 35-45-5-4 as authorized by the following statutes:

- (1) IC 7.1-3-18.5-5(c).
- (2) IC 7.1-3-23-2(b).
- (3) IC 7.1-3-23-5.

(c) A memorandum of understanding entered into under this section must comply with the requirements of IC 4-33-19-8.

(d) The memorandum of understanding required by this

section must be entered into before January 1, 2008.

SECTION 61. IC 7.1-3-18.5-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) Subject to subsection (b), the commission may suspend the certificate of a person who fails to pay a civil penalty imposed for violating IC 35-46-1-10, IC 35-46-1-10.2, IC 35-46-1-11.5, or IC 35-46-1-11.7.

(b) Before enforcing the imposition of a civil penalty or suspending **or revoking** a certificate under this chapter, the commission shall provide written notice of the alleged violation to the certificate holder and conduct a hearing. The commission shall provide written notice of the civil penalty or suspension to the certificate holder.

(c) Subject to subsection (b), the commission shall revoke the certificate of a person upon a finding by a preponderance of the evidence that the person has violated IC 35-45-5-3, IC 35-45-5-3.5, or IC 35-45-5-4.

SECTION 62. IC 7.1-3-23-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. ~~Fine; Suspension; and Revocation: General:~~ (a) The commission may fine, suspend, or revoke the permit, or fine and suspend or revoke, the permit of a permittee for the violation of a provision of this title ~~or~~ of a rule or regulation of the commission. The commission may fine a permittee for each day the violation continues if the violation is of a continuing nature.

(b) The commission shall revoke the permit of a permittee for the violation of IC 35-45-5-3, IC 35-45-5-3.5, or IC 35-45-5-4. A finding that a permittee has violated IC 35-45-5-3, IC 35-45-5-3.5, or IC 35-45-5-4 must be supported by a preponderance of the evidence.

SECTION 63. IC 7.1-3-23-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. ~~Revocation of Permits: General:~~ The commission shall revoke a permit of any type only on account of the violation of, or refusal to comply with, a provision of this title or of a rule or regulation of the commission, **or on account of a violation of IC 35-45-5-3, IC 35-45-5-3.5, or IC 35-45-5-4. A finding that a permittee has violated IC 35-45-5-3, IC 35-45-5-3.5, or IC 35-45-5-4 must be supported by a preponderance of the evidence.**

SECTION 64. IC 35-45-5-1, AS AMENDED BY P.L.70-2005, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) ~~As used in~~ **The definitions in this section apply throughout** this chapter.

(b) "Electronic gaming device" means any electromechanical device, electrical device, or machine that satisfies at least one (1) of the following requirements:

- (1) It is a contrivance which for consideration affords the player an opportunity to obtain money or other items of value, the award of which is determined by chance even if accomplished by some skill, whether or not the prize is automatically paid by the contrivance.**
- (2) It is a slot machine or any simulation or variation of a slot machine.**
- (3) It is a matchup or lineup game machine or device operated for consideration, in which two (2) or more**

numerals, symbols, letters, or icons align in a winning combination on one (1) or more lines vertically, horizontally, diagonally, or otherwise, without assistance by the player. The use of a skill stop is not considered assistance by the player.

(4) It is a video game machine or device operated for consideration to play poker, blackjack, any other card game, keno, or any simulation or variation of these games, including any game in which numerals, numbers, or pictures, representations, or symbols are used as an equivalent or substitute for the cards used in these games.

The term does not include a toy crane machine or any other device played for amusement that rewards a player exclusively with a toy, a novelty, candy, other noncash merchandise, or a ticket or coupon redeemable for a toy, a novelty, or other noncash merchandise that has a wholesale value of not more than the lesser of ten (10) times the amount charged to play the amusement device one (1) time or twenty-five dollars (\$25).

(c) "Gain" means the direct realization of winnings.

(d) "Gambling" means risking money or other property for gain, contingent in whole or in part upon lot, chance, or the operation of a gambling device; but it does not include participating in:

- (1) bona fide contests of skill, speed, strength, or endurance in which awards are made only to entrants or the owners of entries; or
- (2) bona fide business transactions that are valid under the law of contracts.

(e) "Gambling device" means:

- (1) a mechanism by the operation of which a right to money or other property may be credited, in return for consideration, as the result of the operation of an element of chance;
- (2) a mechanism that, when operated for a consideration, does not return the same value or property for the same consideration upon each operation;
- (3) a mechanism, furniture, fixture, construction, or installation designed primarily for use in connection with professional gambling;
- (4) a policy ticket or wheel; or
- (5) a subassembly or essential part designed or intended for use in connection with such a device, mechanism, furniture, fixture, construction, or installation.

In the application of this definition, an immediate and unrecorded right to replay mechanically conferred on players of pinball machines and similar amusement devices is presumed to be without value.

(f) "Gambling information" means:

- (1) a communication with respect to a wager made in the course of professional gambling; or
- (2) information intended to be used for professional gambling.

(g) "Interactive computer service" means an Internet service, an information service, a system, or an access software provider that provides or enables computer access to a computer served by multiple users. The term includes the following:

- (1) A service or system that provides access or is an intermediary to the Internet.

(2) A system operated or services offered by a library, school, state educational institution (as defined in IC 20-12-0.5-1), or private college or university.

(h) "Operator" means a person who owns, maintains, or operates an Internet site that is used for interactive gambling.

(i) "Profit" means a realized or unrealized benefit (other than a gain) and includes benefits from proprietorship or management and unequal advantage in a series of transactions.

(j) "Tournament" means a contest in which:

(1) the consideration to enter the contest may take the form of a separate entry fee or the deposit of the required consideration to play in any manner accepted by the:

(A) video golf machine; or

(B) pinball machine or similar amusement device described in subsection (m)(2);

on which the entrant will compete;

(2) each player's score is recorded; and

(3) the contest winner and other prize winners are determined by objectively comparing the recorded scores of the competing players.

(k) "Toy crane machine" means a device that is used to lift prizes from an enclosed space by manipulating a mechanical claw.

(l) For purposes of this chapter:

(1) a card game; or

(2) an electronic version of a card game;

is a game of chance and may not be considered a bona fide contest of skill.

(m) In the application of the definition of gambling set forth in subsection (d), the payment of consideration to participate in a tournament conducted on:

(1) video golf games; or

(2) pinball machines and similar amusement devices that award no prizes other than to mechanically confer an immediate and unrecorded right to replay on players that is presumed to be without value under this section;

is not considered gambling even if the value of a prize awarded in the course of the tournament exceeds the amount of the player's consideration.

SECTION 65. IC 35-45-5-3, AS AMENDED BY P.L.70-2005, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) A person who knowingly or intentionally:

(1) engages in pool-selling;

(2) engages in bookmaking;

(3) maintains, in a place accessible to the public, slot machines, one-ball machines or variants thereof, pinball machines that award anything other than an immediate and unrecorded right of replay, roulette wheels, dice tables, or money or merchandise pushcards, punchboards, jars, or spindles;

(4) conducts lotteries or policy or numbers games or sells chances therein;

(5) conducts any banking or percentage games played with cards, dice, or counters, or accepts any fixed share of the

stakes therein; or

(6) accepts, or offers to accept, for profit, money, or other property risked in gambling;

commits professional gambling, a Class D felony. **However, the offense is a Class C felony if the person has a prior unrelated conviction under this subsection.**

(b) An operator who knowingly or intentionally uses the Internet to:

(1) engage in pool-selling:

(A) in Indiana; or

(B) in a transaction directly involving a person located in Indiana;

(2) engage in bookmaking:

(A) in Indiana; or

(B) in a transaction directly involving a person located in Indiana;

(3) maintain, on an Internet site accessible to residents of Indiana, the equivalent of:

(A) slot machines;

(B) one-ball machines or variants of one-ball machines;

(C) pinball machines that award anything other than an immediate and unrecorded right of replay;

(D) roulette wheels;

(E) dice tables; or

(F) money or merchandise pushcards, punchboards, jars, or spindles;

(4) conduct lotteries or policy or numbers games or sell chances in lotteries or policy or numbers games:

(A) in Indiana; or

(B) in a transaction directly involving a person located in Indiana;

(5) conduct any banking or percentage games played with the computer equivalent of cards, dice, or counters, or accept any fixed share of the stakes in those games:

(A) in Indiana; or

(B) in a transaction directly involving a person located in Indiana; or

(6) accept, or offer to accept, for profit, money or other property risked in gambling:

(A) in Indiana; or

(B) in a transaction directly involving a person located in Indiana;

commits professional gambling over the Internet, a Class D felony.

SECTION 66. IC 35-45-5-3.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 3.5. (a) Except as provided in subsection (c), a person who possesses an electronic gaming device commits a Class A infraction.**

(b) A person who knowingly or intentionally accepts or offers to accept for profit, money, or other property risked in gambling on an electronic gaming device possessed by the person commits maintaining a professional gambling site, a Class D felony. However, the offense is a Class C felony if the person has a prior unrelated conviction under this subsection.

(c) Subsection (a) does not apply to a person who:

- (1) possesses an antique slot machine;
- (2) restricts display and use of the antique slot machine to the person's private residence; and
- (3) does not use the antique slot machine for profit.

(d) As used in this section, "antique slot machine" refers to a slot machine that is:

- (1) at least forty (40) years old; and
- (2) possessed and used for decorative, historic, or nostalgic purposes.

SECTION 67. IC 35-45-5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) Except as provided in ~~subsection~~ subsections (b) and (d), a person who:

- (1) knowingly or intentionally owns, manufactures, possesses, buys, sells, rents, leases, repairs, or transports a gambling device, or offers or solicits an interest in a gambling device;
- (2) before a race, game, contest, or event on which gambling may be conducted, knowingly or intentionally transmits or receives gambling information by any means, or knowingly or intentionally installs or maintains equipment for the transmission or receipt of gambling information; or
- (3) having control over the use of a place, knowingly or intentionally permits another person to use the place for professional gambling;

commits promoting professional gambling, a Class D felony.

However, the offense is a Class C felony if the person has a prior unrelated conviction under this section.

(b) Subsection (a)(1) does not apply to a boat manufacturer who:

- (1) transports or possesses a gambling device solely for the purpose of installing that device in a boat that is to be sold and transported to a buyer; and
- (2) does not display the gambling device to the general public or make the device available for use in Indiana.

(c) When a public utility is notified by a law enforcement agency acting within its jurisdiction that any service, facility, or equipment furnished by it is being used or will be used to violate this section, it shall discontinue or refuse to furnish that service, facility, or equipment, and no damages, penalty, or forfeiture, civil or criminal, may be found against a public utility for an act done in compliance with such a notice. This subsection does not prejudice the right of a person affected by it to secure an appropriate determination, as otherwise provided by law, that the service, facility, or equipment should not be discontinued or refused, or should be restored.

(d) Subsection (a)(1) does not apply to a person who:

- (1) possesses an antique slot machine;
- (2) restricts display and use of the antique slot machine to the person's private residence; and
- (3) does not use the antique slot machine for profit.

(e) As used in this section, "antique slot machine" refers to a slot machine that is:

- (1) at least forty (40) years old; and
- (2) possessed and used for decorative, historic, or nostalgic purposes.

SECTION 68. IC 35-45-6-1, AS AMENDED BY P.L.151-2006, SECTION 17, AND AS AMENDED BY P.L.173-2006, SECTION 53, IS CORRECTED AND AMENDED TO READ AS FOLLOWS

[EFFECTIVE JULY 1, 2007]: Sec. 1. ~~As used in~~ (a) The definitions in this section apply throughout this chapter:

(b) "Documentary material" means any document, drawing, photograph, recording, or other tangible item containing compiled data from which information can be either obtained or translated into a usable form.

(c) "Enterprise" means:

- (1) a sole proprietorship, corporation, limited liability company, partnership, business trust, or governmental entity; or
- (2) a union, an association, or a group, whether a legal entity or merely associated in fact.

(d) "Pattern of racketeering activity" means engaging in at least two (2) incidents of racketeering activity that have the same or similar intent, result, accomplice, victim, or method of commission, or that are otherwise interrelated by distinguishing characteristics that are not isolated incidents. However, the incidents are a pattern of racketeering activity only if at least one (1) of the incidents occurred after August 31, 1980, and if the last of the incidents occurred within five (5) years after a prior incident of racketeering activity.

(e) "Racketeering activity" means to commit, to attempt to commit, to conspire to commit a violation of, or aiding and abetting in a violation of any of the following:

- (1) A provision of IC 23-2-1, or of a rule or order issued under IC 23-2-1.
- (2) A violation of IC 35-45-9.
- (3) A violation of IC 35-47.
- (4) A violation of IC 35-49-3.
- (5) Murder (IC 35-42-1-1).
- (6) Battery as a Class C felony (IC 35-42-2-1).
- (7) Kidnapping (IC 35-42-3-2).
- (8) *Human and sexual trafficking crimes* (IC 35-42-3.5).
- ~~(9)~~ (9) Child exploitation (IC 35-42-4-4).
- ~~(10)~~ (10) Robbery (IC 35-42-5-1).
- ~~(11)~~ (11) Carjacking (IC 35-42-5-2).
- ~~(12)~~ (12) Arson (IC 35-43-1-1).
- ~~(13)~~ (13) Burglary (IC 35-43-2-1).
- ~~(14)~~ (14) Theft (IC 35-43-4-2).
- ~~(15)~~ (15) Receiving stolen property (IC 35-43-4-2).
- ~~(16)~~ (16) Forgery (IC 35-43-5-2).
- ~~(17)~~ (17) Fraud (IC 35-43-5-4(1) through IC 35-43-5-4(9)).
- ~~(18)~~ (18) Bribery (IC 35-44-1-1).
- ~~(19)~~ (19) Official misconduct (IC 35-44-1-2).
- ~~(20)~~ (20) Conflict of interest (IC 35-44-1-3).
- ~~(21)~~ (21) Perjury (IC 35-44-2-1).
- ~~(22)~~ (22) Obstruction of justice (IC 35-44-3-4).
- ~~(23)~~ (23) Intimidation (IC 35-45-2-1).
- ~~(24)~~ (24) Promoting prostitution (IC 35-45-4-4).
- (25) Professional gambling (IC 35-45-5-3).
- (26) Maintaining a professional gambling site (IC 35-45-5-3.5(b)).
- ~~(24)~~ ~~(25)~~ (27) Promoting professional gambling (IC 35-45-5-4).

~~(25)~~ ~~(26)~~ **(28)** Dealing in or manufacturing cocaine or a narcotic drug (IC 35-48-4-1).

~~(26)~~ ~~(27)~~ **(29)** Dealing in *or manufacturing* methamphetamine (IC 35-48-4-1.1).

~~(27)~~ ~~(28)~~ **(30)** Dealing in a schedule I, II, or III controlled substance (IC 35-48-4-2).

~~(28)~~ ~~(29)~~ **(31)** Dealing in a schedule IV controlled substance (IC 35-48-4-3).

~~(29)~~ ~~(30)~~ **(32)** Dealing in a schedule V controlled substance (IC 35-48-4-4).

~~(30)~~ ~~(31)~~ **(33)** Dealing in marijuana, hash oil, or hashish (IC 35-48-4-10).

~~(31)~~ ~~(32)~~ **(34)** Money laundering (IC 35-45-15-5).

~~(32)~~ ~~(33)~~ **(35)** A violation of IC 35-47.5-5.

SECTION 69. IC 35-47-4.5-3, AS AMENDED BY P.L.1-2006, SECTION 536, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. As used in this chapter, "public safety officer" means:

- (1) a state police officer;
- (2) a county sheriff;
- (3) a county police officer;
- (4) a correctional officer;
- (5) an excise police officer;
- (6) a county police reserve officer;
- (7) a city police officer;
- (8) a city police reserve officer;
- (9) a conservation enforcement officer;
- (10) a gaming agent;
- (11) a town marshal;
- (12) a deputy town marshal;
- (13) a state university police officer appointed under IC 20-12-3.5;
- (14) a probation officer;
- (15) a firefighter (as defined in IC 9-18-34-1);
- (16) an emergency medical technician; ~~or~~
- (17) a paramedic; ~~or~~
- (18) a member of a consolidated law enforcement department established under IC 36-3-1-5.1; ~~or~~
- (19) a gaming control officer.**

SECTION 70. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2007]: IC 4-32.2-5-7; IC 35-33-5-5.1.

SECTION 71. [EFFECTIVE JULY 1, 2007] **(a) IC 35-45-5-3 and IC 35-45-5-4, both as amended by this act, apply only to crimes committed after June 30, 2007.**

(b) IC 35-45-5-3.5, as added by this act, applies only to crimes and infractions committed after June 30, 2007.

SECTION 72. [EFFECTIVE JULY 1, 2007] **(a) IC 35-45-6-1, as amended by this act, applies only to crimes committed after June 30, 2007.**

SECTION 73. [EFFECTIVE UPON PASSAGE] **Notwithstanding any other law, including any part of an act enacted by the general assembly in the 2007 session, excess money returned by a county to the state from the property tax refunds appropriation made by HEA 1001-2007 for the state**

fiscal year beginning July 1, 2007, shall be deposited in the property tax reduction trust fund and used as provided in HEA 1001-2007, SECTION 10.

SECTION 74. **An emergency is declared for this act.**
(Reference is to EHB 1510 as reprinted April 11, 2007.)

Van Haften, Chair	Merritt
Whetstone	Hume
House Conferees	Senate Conferees

Roll Call 549: yeas 41, nays 9. Report adopted.

CONFERENCE COMMITTEE REPORT

EHB 1835-1

Madam President: Your Conference Committee appointed to confer with a like committee from the House upon Engrossed Senate Amendments to Engrossed House Bill 1835 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 4-22-2-37.1, AS AMENDED BY P.L.47-2006, SECTION 2, AS AMENDED BY P.L.91-2006, SECTION 2, AND AS AMENDED BY P.L.123-2006, SECTION 12, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 37.1. (a) This section applies to a rulemaking action resulting in any of the following rules:

- (1) An order adopted by the commissioner of the Indiana department of transportation under IC 9-20-1-3(d) or IC 9-21-4-7(a) and designated by the commissioner as an emergency rule.
- (2) An action taken by the director of the department of natural resources under IC 14-22-2-6(d) or IC 14-22-6-13.
- (3) An emergency temporary standard adopted by the occupational safety standards commission under IC 22-8-1.1-16.1.
- (4) An emergency rule adopted by the solid waste management board under IC 13-22-2-3 and classifying a waste as hazardous.
- (5) A rule, other than a rule described in subdivision (6), adopted by the department of financial institutions under IC 24-4.5-6-107 and declared necessary to meet an emergency.
- (6) A rule required under IC 24-4.5-1-106 that is adopted by the department of financial institutions and declared necessary to meet an emergency under IC 24-4.5-6-107.
- (7) A rule adopted by the Indiana utility regulatory commission to address an emergency under IC 8-1-2-113.
- (8) An emergency rule adopted by the state lottery commission under IC 4-30-3-9.
- (9) A rule adopted under IC 16-19-3-5 that the executive

board of the state department of health declares is necessary to meet an emergency.

(10) An emergency rule adopted by the Indiana finance authority under IC 8-21-12.

(11) An emergency rule adopted by the insurance commissioner under IC 27-1-23-7.

(12) An emergency rule adopted by the Indiana horse racing commission under IC 4-31-3-9.

(13) An emergency rule adopted by the air pollution control board, the solid waste management board, or the water pollution control board under IC 13-15-4-10(4) or to comply with a deadline required by federal law, provided:

- (A) the variance procedures are included in the rules; and
- (B) permits or licenses granted during the period the emergency rule is in effect are reviewed after the emergency rule expires.

(14) An emergency rule adopted by the Indiana election commission under IC 3-6-4.1-14.

(15) An emergency rule adopted by the department of natural resources under IC 14-10-2-5.

(16) An emergency rule adopted by the Indiana gaming commission under *IC 4-32.2-3-3(b)*, IC 4-33-4-2, IC 4-33-4-3, ~~or IC 4-33-4-14~~, **or IC 4-35-4-2**.

(17) An emergency rule adopted by the alcohol and tobacco commission under IC 7.1-3-17.5, IC 7.1-3-17.7, or IC 7.1-3-20-24.4.

(18) An emergency rule adopted by the department of financial institutions under IC 28-15-11.

(19) An emergency rule adopted by the office of the secretary of family and social services under IC 12-8-1-12.

(20) An emergency rule adopted by the office of the children's health insurance program under IC 12-17.6-2-11.

(21) An emergency rule adopted by the office of Medicaid policy and planning under IC 12-15-41-15.

(22) An emergency rule adopted by the Indiana state board of animal health under IC 15-2.1-18-21.

(23) An emergency rule adopted by the board of directors of the Indiana education savings authority under IC 21-9-4-7.

(24) An emergency rule adopted by the Indiana board of tax review under IC 6-1.1-4-34 **(repealed)**.

(25) An emergency rule adopted by the department of local government finance under IC 6-1.1-4-33 **(repealed)**.

(26) An emergency rule adopted by the boiler and pressure vessel rules board under IC 22-13-2-8(c).

(27) An emergency rule adopted by the Indiana board of tax review under IC 6-1.1-4-37(l) **(repealed)** or an emergency rule adopted by the department of local government finance under IC 6-1.1-4-36(j) **(repealed)** or IC 6-1.1-22.5-20.

(28) An emergency rule adopted by the board of the Indiana economic development corporation under IC 5-28-5-8.

(29) A rule adopted by the department of financial institutions under IC 34-55-10-2.5.

(30) *A rule adopted by the Indiana finance authority:*

- (A) *under IC 8-15.5-7 approving user fees (as defined in*

IC 8-15.5-2-10) provided for in a public-private agreement under IC 8-15.5;

(B) under IC 8-15-2-17.2(a)(10):

(i) establishing enforcement procedures; and

(ii) making assessments for failure to pay required tolls;

(C) under IC 8-15-2-14(a)(3) authorizing the use of and establishing procedures for the implementation of the collection of user fees by electronic or other nonmanual means; or

(D) to make other changes to existing rules related to a toll road project to accommodate the provisions of a public-private agreement under IC 8-15.5.

(b) The following do not apply to rules described in subsection (a):

(1) Sections 24 through 36 of this chapter.

(2) IC 13-14-9.

(c) After a rule described in subsection (a) has been adopted by the agency, the agency shall submit the rule to the publisher for the assignment of a document control number. The agency shall submit the rule in the form required by section 20 of this chapter and with the documents required by section 21 of this chapter. The publisher shall determine the *number of copies format* of the rule and other documents to be submitted under this subsection.

(d) After the document control number has been assigned, the agency shall submit the rule to the *secretary of state publisher* for filing. The agency shall submit the rule in the form required by section 20 of this chapter and with the documents required by section 21 of this chapter. The *secretary of state publisher* shall determine the *number of copies format* of the rule and other documents to be submitted under this subsection.

(e) Subject to section 39 of this chapter, the *secretary of state publisher* shall:

(1) accept the rule for filing; and

(2) ~~file stamp and indicate electronically record~~ the date and time that the rule is accepted. ~~on every duplicate original copy submitted.~~

(f) A rule described in subsection (a) takes effect on the latest of the following dates:

(1) The effective date of the statute delegating authority to the agency to adopt the rule.

(2) The date and time that the rule is accepted for filing under subsection (e).

(3) The effective date stated by the adopting agency in the rule.

(4) The date of compliance with every requirement established by law as a prerequisite to the adoption or effectiveness of the rule.

(g) Subject to subsection (h), IC 14-10-2-5, IC 14-22-2-6, IC 22-8-1.1-16.1, and IC 22-13-2-8(c), and except as provided in subsections (j), ~~and~~ (k), and (l), a rule adopted under this section expires not later than ninety (90) days after the rule is accepted for filing under subsection (e). Except for a rule adopted under subsection (a)(13), (a)(24), (a)(25), or (a)(27), the rule may be extended by adopting another rule under this section, but only for

one (1) extension period. The extension period for a rule adopted under subsection (a)(28) may not exceed the period for which the original rule was in effect. A rule adopted under subsection (a)(13) may be extended for two (2) extension periods. Subject to subsection (j), a rule adopted under subsection (a)(24), (a)(25), or (a)(27) may be extended for an unlimited number of extension periods. Except for a rule adopted under subsection (a)(13), for a rule adopted under this section to be effective after one (1) extension period, the rule must be adopted under:

- (1) sections 24 through 36 of this chapter; or
- (2) IC 13-14-9;

as applicable.

(h) A rule described in subsection (a)(6), (a)(8), (a)(12), or (a)(29) expires on the earlier of the following dates:

- (1) The expiration date stated by the adopting agency in the rule.
- (2) The date that the rule is amended or repealed by a later rule adopted under sections 24 through 36 of this chapter or this section.

(i) This section may not be used to readopt a rule under IC 4-22-2.5.

(j) A rule described in subsection (a)(24) or (a)(25) expires not later than January 1, 2006.

(k) A rule described in subsection (a)(28) expires on the expiration date stated by the board of the Indiana economic development corporation in the rule.

(l) A rule described in subsection (a)(30) expires on the expiration date stated by the Indiana finance authority in the rule.

SECTION 2. IC 4-31-2-10.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10.5. "Live racing day" means a day on which at least eight (8) live horse races are conducted.**

SECTION 3. IC 4-31-2-20.7 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 20.7. "Slot machine" refers to a type of electronic gaming device approved by the Indiana gaming commission for wagering under IC 4-35.**

SECTION 4. IC 4-31-4-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) A county fiscal body may adopt an ordinance permitting the filing of applications under IC 4-31-5 to conduct pari-mutuel wagering on horse races at racetracks in the county. However, before adopting the ordinance, the county fiscal body must:

- (1) conduct a public hearing on the proposed ordinance; and
- (2) publish notice of the public hearing in the manner prescribed by IC 5-3-1.

(b) The county fiscal body may:

- (1) require in the ordinance adopted by the county fiscal body that before applications under IC 4-31-5 to conduct pari-mutuel wagering on horse races at racetracks in the county may be filed, the voters of the county must approve the conducting of horse racing meetings in the county under section 3 of this chapter; or

- (2) amend an ordinance already adopted by the county fiscal body to require that before applications under IC 4-31-5 to conduct pari-mutuel wagering on horse races at racetracks in the county may be filed, the voters of the county must approve the conducting of horse racing meetings in the county under section 3 of this chapter.

An ordinance adopted under this section may not be amended to apply to a person who has already been issued a permit under IC 4-31-5 before amendment of the ordinance.

(c) An ordinance adopted under this section authorizing a person to conduct pari-mutuel wagering on horse races at racetracks in the county may not be adopted or amended in a manner that restricts a person's ability to conduct gambling games under IC 4-35.

SECTION 5. IC 4-31-5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) A person may not conduct, assist, or aid or abet in conducting a horse racing meeting in which the pari-mutuel system of wagering is permitted unless that person secures a recognized meeting permit under this chapter.

(b) The commission may not issue a recognized meeting permit for:

- (1) an activity other than horse racing meetings; or
- (2) horse racing meetings conducted at:
 - (A) the state fairgrounds during a state fair; or
 - (B) a county fairgrounds.

However, subdivision (2) does not prohibit the commission from issuing a recognized meeting permit for races to be conducted at the state fairgrounds at times when a fair is not in session.

(c) The commission may not issue more than two (2) recognized meeting permits under this chapter.

SECTION 6. IC 4-31-5-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) The commission shall determine the dates and **(if the commission adopts a rule under subsection (c))** the number of racing days authorized under each recognized meeting permit. Except for racing at winterized tracks, a recognized meeting may not be conducted after December 10 of a calendar year.

(b) Except as provided in subsection (c), the commission shall require at least one hundred forty (140) but not more than one hundred sixty-five (165) live racing days each calendar year at the racetrack designated in a permit holder's permit, as follows:

- (1) At least eighty (80) but not more than ninety (90) live racing days must be for standardbreds.**
- (2) At least sixty (60) but not more than seventy-five (75) live racing days must be for horses that are:**
 - (A) mounted by jockeys; and**
 - (B) run on a course without jumps or obstacles.**

The requirements of this subsection are a continuing condition for maintaining the permit holder's permit. However, the requirements do not apply if the commission determines that the permit holder is prevented from conducting live horse racing as a result of a natural disaster or another event over which the permit holder has no control.

(c) The commission may by rule adjust any of the following:

- (1) The total required number of live racing days under subsection (b).**
- (2) The number of live racing days required under subsection (b)(1).**
- (3) The number of live racing days required under subsection (b)(2).**

(d) A permit holder may not conduct more than fourteen (14) races on a particular racing day.

SECTION 7. IC 4-31-5.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) As used in this section, "live racing day" means a day on which at least eight (8) live horse races are conducted.

(b) The commission's authority to issue satellite facility licenses is subject to the following conditions:

- (1) Except as provided in subsection (c),** the commission may issue four (4) satellite facility licenses to each permit holder that

~~(A) conducts at least one hundred twenty (120) live racing days per year at the racetrack designated in the permit holder's permit; and~~

~~(B) meets the other requirements of this chapter and the rules adopted under this chapter.~~

~~If a permit holder that operates satellite facilities does not meet the required minimum number of live racing days, the permit holder may not operate the permit holder's satellite facilities during the following year. However, the requirement for one hundred twenty (120) live racing days does not apply if the commission determines that the permit holder is prevented from conducting live horse racing as a result of a natural disaster or other event over which the permit holder has no control. In addition, if the initial racing meeting conducted by a permit holder commences at such a time as to make it impractical to conduct one hundred twenty (120) live racing days during the permit holder's first year of operations, the commission may authorize the permit holder to conduct simulcast wagering during the first year of operations with fewer than one hundred twenty (120) live racing days.~~

(2) Each proposed satellite facility must be covered by a separate application. The timing for filing an initial application for a satellite facility license shall be established by the rules of the commission.

(3) A satellite facility must:

- (A) have full dining service available;
- (B) have multiple screens to enable each patron to view simulcast races; and
- (C) be designed to seat comfortably a minimum of ~~four~~ **two hundred (200)** persons.

(4) In determining whether a proposed satellite facility should be approved, the commission shall consider the following:

- (A) The purposes and provisions of this chapter.
- (B) The public interest.
- (C) The impact of the proposed satellite facility on live racing.
- (D) The impact of the proposed satellite facility on the

local community.

(E) The potential for job creation.

(F) The quality of the physical facilities and the services to be provided at the proposed satellite facility.

(G) Any other factors that the commission considers important or relevant to its decision.

(5) The commission may not issue a license for a satellite facility to be located in a county unless IC 4-31-4 has been satisfied.

(c) A permit holder licensed to conduct gambling games under IC 4-35 is limited to the number of satellite facility licenses issued to the permit holder before January 1, 2007.

SECTION 8. IC 4-31-7-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) A person holding a permit to conduct a horse racing meeting or a license to operate a satellite facility may provide a place in the racing meeting grounds or enclosure or the satellite facility at which the person may conduct and supervise the pari-mutuel system of wagering by patrons of legal age on the horse races conducted or simulcast by the person. The person may not permit or use:

(1) another place other than that provided and designated by the person; or

(2) another method or system of betting or wagering.

However, a permit holder licensed to conduct gambling games under IC 4-35 may permit wagering on slot machines at a racetrack as permitted by IC 4-35.

(b) Except as provided in section 7 of this chapter and IC 4-31-5.5, the pari-mutuel system of wagering may not be conducted on any races except the races at the racetrack, grounds, or enclosure for which the person holds a permit.

SECTION 9. IC 4-31-7-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) A person less than eighteen (18) years of age may not wager at a horse racing meeting.

(b) A person less than ~~seventeen (17)~~ **eighteen (18)** years of age may not enter the grandstand, clubhouse, or similar areas of a racetrack at which wagering is permitted unless accompanied by a person who is at least twenty-one (21) years of age.

(c) A person less than eighteen (18) years of age may not enter a satellite facility.

(d) Except as provided by IC 4-35-7-2, a person less than twenty-one (21) years of age may not enter the area of a racetrack in which gambling games are conducted under IC 4-35.

SECTION 10. IC 4-31-9-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. A person that holds a permit to conduct a horse racing meeting or a license to operate a satellite facility shall withhold:

(1) eighteen percent (18%) of the total of money wagered on each day at the racetrack or satellite facility (including money wagered on exotic wagering pools, **but excluding money wagered on slot machines under IC 4-35**); plus

(2) an additional three and one-half percent (3.5%) of the total of all money wagered on exotic wagering pools on each day at the racetrack or satellite facility.

SECTION 11. IC 4-33-1-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. This article applies only to the following:

- (1) Counties contiguous to Lake Michigan.
- (2) ~~Counties~~ **A county that is:**
 - (A) contiguous to the Ohio River; and
 - (B) **described in IC 4-33-6-1(a)(5).**
- (3) A county that contains a historic hotel district.

SECTION 12. IC 4-33-2-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. "Gambling game" includes any ~~of the following~~ **if game** approved by the commission as a wagering device.

- ~~(1) Baccarat.~~
- ~~(2) Twenty-one.~~
- ~~(3) Poker.~~
- ~~(4) Craps.~~
- ~~(5) Slot machine.~~
- ~~(6) Video games of chance.~~
- ~~(7) Roulette wheel.~~
- ~~(8) Klondike table.~~
- ~~(9) Punchboard.~~
- ~~(10) Faro layout.~~
- ~~(11) Keno layout.~~
- ~~(12) Numbers ticket.~~
- ~~(13) Push card.~~
- ~~(14) Jar ticket.~~
- ~~(15) Pull tab.~~
- ~~(16) Big six.~~

SECTION 13. IC 4-33-2-17.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17.5. "Slot machine taxes" means the taxes imposed under IC 4-35-8-1 on the adjusted gross receipts of gambling games conducted under IC 4-35.**

SECTION 14. IC 4-33-6-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) The commission may issue to a person a license to own a riverboat subject to the numerical and geographical limitation of owner's licenses under this section, section 3.5 of this chapter, and IC 4-33-4-17. However, not more than ten (10) owner's licenses may be in effect at any time. Except as provided in subsection (b), those ten (10) licenses are as follows:

- (1) Two (2) licenses for a riverboat that operates from the largest city located in the counties described under IC 4-33-1-1(1).
- (2) One (1) license for a riverboat that operates from the second largest city located in the counties described under IC 4-33-1-1(1).
- (3) One (1) license for a riverboat that operates from the third largest city located in the counties described under IC 4-33-1-1(1).
- (4) One (1) license for a city located in the counties described under IC 4-33-1-1(1). This license may not be issued to a city described in subdivisions (1) through (3).

(5) A total of five (5) licenses for riverboats that operate upon the Ohio River from **the following** counties: ~~described under IC 4-33-1-1(2).~~

- (A) **Vanderburgh County.**
- (B) **Harrison County.**
- (C) **Switzerland County.**
- (D) **Ohio County.**
- (E) **Dearborn County.**

The commission may not issue a license to an applicant if the issuance of the license would result in more than one (1) riverboat operating from a county described in ~~IC 4-33-1-1(2).~~ **this subdivision.**

(b) If a city described in subsection (a)(2) or (a)(3) conducts two (2) elections under section 20 of this chapter, and the voters of the city do not vote in favor of permitting riverboat gambling at either of those elections, the license assigned to that city under subsection (a)(2) or (a)(3) may be issued to any city that:

- (1) does not already have a riverboat operating from the city; and
- (2) is located in a county described in IC 4-33-1-1(1).

(c) In addition to its power to issue owner's licenses under subsection (a), the commission may also enter into a contract under IC 4-33-6.5 with respect to the operation of one (1) riverboat on behalf of the commission in a historic hotel district.

(d) A person holding an owner's license may not move the person's riverboat from the county in which the riverboat was docked on January 1, 2007, to any other county.

SECTION 15. IC 4-33-12-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) This subsection does not apply to a riverboat that has implemented flexible scheduling under IC 4-33-6-21. A tax is imposed on admissions to gambling excursions authorized under this article at a rate of three dollars (\$3) for each person admitted to the gambling excursion. This admission tax is imposed upon the licensed owner conducting the gambling excursion.

(b) This subsection applies only to a riverboat that has implemented flexible scheduling under IC 4-33-6-21 or IC 4-33-6.5. A tax is imposed on the admissions to a riverboat that has implemented flexible scheduling under IC 4-33-6-21 or IC 4-33-6.5 at the following rate:

- (1) Four dollars (\$4) for each person admitted to a riverboat that docks in a county described in IC 4-33-1-1(3). This admission tax is imposed upon the operating agent of the riverboat.
- (2) Three dollars (\$3) for each person admitted to a riverboat that docks in any other county. This admission tax is imposed upon the licensed owner operating the riverboat.

(c) The commission may by rule determine the point at which a person is considered to be:

- (1) **admitted to a gambling excursion, in the case of a riverboat subject to subsection (a); or**
- (2) **admitted to a riverboat, in the case of a riverboat subject to subsection (b);**

for purposes of collecting the admissions tax under this chapter.

SECTION 16. IC 4-33-12-6, AS AMENDED BY P.L.4-2005,

SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) The department shall place in the state general fund the tax revenue collected under this chapter.

(b) Except as provided by subsections (c) and (d) and IC 6-3.1-20-7, the treasurer of state shall quarterly pay the following amounts:

(1) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat that has implemented flexible scheduling under IC 4-33-6-21 during the quarter shall be paid to:

(A) the city in which the riverboat is docked, if the city:

(i) is located in a county having a population of more than one hundred ten thousand (110,000) but less than one hundred fifteen thousand (115,000); or

(ii) is contiguous to the Ohio River and is the largest city in the county; and

(B) the county in which the riverboat is docked, if the riverboat is not docked in a city described in clause (A).

(2) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter;

or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county in which the riverboat is docked. In the case of a county described in subdivision (1)(B), this one dollar (\$1) is in addition to the one dollar (\$1) received under subdivision (1)(B).

(3) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter;

or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.

(4) Except as provided in subsection (k), fifteen cents (\$0.15) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter;

or

(B) admitted to a riverboat during a quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the state fair commission, for use in any activity that the commission is authorized to carry out under IC 15-1.5-3.

(5) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each

person:

(A) embarking on a gambling excursion during the quarter;

or

(B) admitted to a riverboat during the quarter that has

implemented flexible scheduling under IC 4-33-6-21; shall be paid to the division of mental health and addiction. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

(6) Except as provided in subsection (k) **and section 7 of this chapter**, sixty-five cents (\$0.65) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21 shall be paid to the Indiana horse racing commission to be distributed as follows, in amounts determined by the Indiana horse racing commission, for the promotion and operation of horse racing in Indiana:

(A) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.

(B) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this clause only for purses, promotions, and routine operations of the racetrack. No grants shall be made for long term capital investment or construction, and no grants shall be made before the racetrack becomes operational and is offering a racing schedule.

(c) With respect to tax revenue collected from a riverboat located in a historic hotel district, the treasurer of state shall quarterly pay the following amounts:

(1) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the county treasurer of the county in which the riverboat is docked. The county treasurer shall distribute the money received under this subdivision as follows:

(A) Twenty percent (20%) shall be quarterly distributed to the county treasurer of a county having a population of more than thirty-nine thousand six hundred (39,600) but less than forty thousand (40,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(B) Twenty percent (20%) shall be quarterly distributed to the county treasurer of a county having a population of more than ten thousand seven hundred (10,700) but less than twelve thousand (12,000) for appropriation by the county fiscal body. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing

units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(C) Sixty percent (60%) shall be retained by the county where the riverboat is docked for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body shall provide for the distribution of part or all of the money received under this clause to the following under a formula established by the county fiscal body:

(i) A town having a population of more than two thousand two hundred (2,200) but less than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

(ii) A town having a population of more than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

(2) Sixteen percent (16%) of the admissions tax collected during the quarter shall be paid in equal amounts to each town that:

(A) is located in the county in which the riverboat docks; and

(B) contains a historic hotel.

The town council shall appropriate a part of the money received by the town under this subdivision to the budget of the town's tourism commission.

(3) Nine percent (9%) of the admissions tax collected during the quarter shall be paid to the historic hotel preservation commission established under IC 36-7-11.5.

(4) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the West Baden Springs historic hotel preservation and maintenance fund established by IC 36-7-11.5-11(b).

(5) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the Indiana economic development corporation to be used by the corporation for the development and implementation of a regional economic development strategy to assist the residents of the county in which the riverboat is located and residents of contiguous counties in improving their quality of life and to help promote successful and sustainable communities. The regional economic development strategy must include goals concerning the following issues:

(A) Job creation and retention.

(B) Infrastructure, including water, wastewater, and storm water infrastructure needs.

(C) Housing.

(D) Workforce training.

(E) Health care.

(F) Local planning.

(G) Land use.

(H) Assistance to regional economic development groups.

(I) Other regional development issues as determined by the Indiana economic development corporation.

(d) With respect to tax revenue collected from a riverboat that operates from a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000), the treasurer of state shall quarterly pay the following amounts:

(1) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21; shall be paid to the city in which the riverboat is docked.

(2) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21; shall be paid to the county in which the riverboat is docked.

(3) Except as provided in subsection (k), nine cents (\$.09) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21; shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.

(4) Except as provided in subsection (k), one cent (\$.01) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21; shall be paid to the northwest Indiana law enforcement training center.

(5) Except as provided in subsection (k), fifteen cents (\$.15) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during a quarter that has implemented flexible scheduling under IC 4-33-6-21; shall be paid to the state fair commission for use in any activity that the commission is authorized to carry out under IC 15-1.5-3.

(6) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21; shall be paid to the division of mental health and addiction. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

(7) Except as provided in subsection (k) **and section 7 of this chapter**, sixty-five cents (\$0.65) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21 shall be paid to the Indiana horse racing commission to be distributed as follows, in amounts determined by the Indiana horse racing commission, for the promotion and operation of horse racing in Indiana:

(A) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.

(B) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this clause only for purses, promotions, and routine operations of the racetrack. No grants shall be made for long term capital investment or construction, and no grants shall be made before the racetrack becomes operational and is offering a racing schedule.

(e) Money paid to a unit of local government under subsection (b)(1) through (b)(2), (c)(1) through (c)(2), or (d)(1) through (d)(2):

(1) must be paid to the fiscal officer of the unit and may be deposited in the unit's general fund or riverboat fund established under IC 36-1-8-9, or both;

(2) may not be used to reduce the unit's maximum levy under IC 6-1.1-18.5 but may be used at the discretion of the unit to reduce the property tax levy of the unit for a particular year;

(3) may be used for any legal or corporate purpose of the unit, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4; and

(4) is considered miscellaneous revenue.

(f) Money paid by the treasurer of state under subsection (b)(3) or (d)(3) shall be:

(1) deposited in:

(A) the county convention and visitor promotion fund; or
(B) the county's general fund if the county does not have a convention and visitor promotion fund; and

(2) used only for the tourism promotion, advertising, and economic development activities of the county and community.

(g) Money received by the division of mental health and addiction under subsections (b)(5) and (d)(6):

(1) is annually appropriated to the division of mental health

and addiction;

(2) shall be distributed to the division of mental health and addiction at times during each state fiscal year determined by the budget agency; and

(3) shall be used by the division of mental health and addiction for programs and facilities for the prevention and treatment of addictions to drugs, alcohol, and compulsive gambling, including the creation and maintenance of a toll free telephone line to provide the public with information about these addictions. The division shall allocate at least twenty-five percent (25%) of the money received to the prevention and treatment of compulsive gambling.

(h) This subsection applies to the following:

(1) Each entity receiving money under subsection (b).

(2) Each entity receiving money under subsection (d)(1) through (d)(2).

(3) Each entity receiving money under subsection (d)(5) through (d)(7).

The treasurer of state shall determine the total amount of money paid by the treasurer of state to an entity subject to this subsection during the state fiscal year 2002. The amount determined under this subsection is the base year revenue for each entity subject to this subsection. The treasurer of state shall certify the base year revenue determined under this subsection to each entity subject to this subsection.

(i) This subsection applies to an entity receiving money under subsection (d)(3) or (d)(4). The treasurer of state shall determine the total amount of money paid by the treasurer of state to the entity described in subsection (d)(3) during state fiscal year 2002. The amount determined under this subsection multiplied by nine-tenths (0.9) is the base year revenue for the entity described in subsection (d)(3). The amount determined under this subsection multiplied by one-tenth (0.1) is the base year revenue for the entity described in subsection (d)(4). The treasurer of state shall certify the base year revenue determined under this subsection to each entity subject to this subsection.

(j) This subsection does not apply to an entity receiving money under subsection (c). For state fiscal years beginning after June 30, 2002, the total amount of money distributed to an entity under this section during a state fiscal year may not exceed the entity's base year revenue as determined under subsection (h) or (i). If the treasurer of state determines that the total amount of money distributed to an entity under this section during a state fiscal year is less than the entity's base year revenue, the treasurer of state shall make a supplemental distribution to the entity under IC 4-33-13-5(g).

(k) This subsection does not apply to an entity receiving money under subsection (c). For state fiscal years beginning after June 30, 2002, the treasurer of state shall pay that part of the riverboat admissions taxes that:

(1) ~~exceed~~ **exceeds** a particular entity's base year revenue; and

(2) would otherwise be due to the entity under this section; to the property tax replacement fund instead of to the entity.

SECTION 17. IC 4-33-12-7 IS ADDED TO THE INDIANA

CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 7. (a) The maximum amount paid to the Indiana horse racing commission under this article in a state fiscal year may not exceed the remainder of:**

(1) the Indiana horse racing commission's base year revenue as determined under section 6(h) of this chapter; minus

(2) the amount of money, if any, distributed by licensees under IC 4-35-7-12 to horsemen's associations and for horse racing purses and breed development in the state fiscal year.

(b) For each state fiscal year, the treasurer of state shall pay an amount equal to the lesser of:

(1) the amount of admissions taxes specified in:

(A) section 6(b)(6) of this chapter; and

(B) section 6(d)(7) of this chapter; or

(2) the amount of money distributed under IC 4-35-7-12 that is subtracted from the Indiana horse racing commission's base year revenue under subsection (a);

to the state general fund instead of to the Indiana horse racing commission.

SECTION 18. IC 4-33-13-1.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1.5. (a) This section applies only to a riverboat that has implemented flexible scheduling under IC 4-33-6-21 or IC 4-33-6.5.

(b) A graduated tax is imposed on the adjusted gross receipts received from gambling games authorized under this article as follows:

(1) Fifteen percent (15%) of the first twenty-five million dollars (\$25,000,000) of adjusted gross receipts received during the period beginning July 1 of each year and ending June 30 of the following year.

(2) Twenty percent (20%) of the adjusted gross receipts in excess of twenty-five million dollars (\$25,000,000) but not exceeding fifty million dollars (\$50,000,000) received during the period beginning July 1 of each year and ending June 30 of the following year.

(3) Twenty-five percent (25%) of the adjusted gross receipts in excess of fifty million dollars (\$50,000,000) but not exceeding seventy-five million dollars (\$75,000,000) received during the period beginning July 1 of each year and ending June 30 of the following year.

(4) Thirty percent (30%) of the adjusted gross receipts in excess of seventy-five million dollars (\$75,000,000) but not exceeding one hundred fifty million dollars (\$150,000,000) received during the period beginning July 1 of each year and ending June 30 of the following year.

(5) Thirty-five percent (35%) of all adjusted gross receipts in excess of one hundred fifty million dollars (\$150,000,000) **but not exceeding six hundred million dollars (\$600,000,000) received during the period beginning July 1 of each year and ending June 30 of the following year.**

(6) Forty percent (40%) of all adjusted gross receipts exceeding six hundred million dollars (\$600,000,000) received during the period beginning July 1 of each year

and ending June 30 of the following year.

(c) The licensed owner or operating agent shall remit the tax imposed by this chapter to the department before the close of the business day following the day the wagers are made.

(d) The department may require payment under this section to be made by electronic funds transfer (as defined in IC 4-8.1-2-7(f)).

(e) If the department requires taxes to be remitted under this chapter through electronic funds transfer, the department may allow the licensed owner or operating agent to file a monthly report to reconcile the amounts remitted to the department.

(f) The department may allow taxes remitted under this section to be reported on the same form used for taxes paid under IC 4-33-12.

(g) If a riverboat implements flexible scheduling during any part of a period beginning July 1 of each year and ending June 30 of the following year, the tax rate imposed on the adjusted gross receipts received while the riverboat implements flexible scheduling shall be computed as if the riverboat had engaged in flexible scheduling during the entire period beginning July 1 of each year and ending June 30 of the following year.

(h) If a riverboat:

(1) implements flexible scheduling during any part of a period beginning July 1 of each year and ending June 30 of the following year; and

(2) before the end of that period ceases to operate the riverboat with flexible scheduling;

the riverboat shall continue to pay a wagering tax at the tax rates imposed under subsection (b) until the end of that period as if the riverboat had not ceased to conduct flexible scheduling.

SECTION 19. IC 4-33-13-5, AS AMENDED BY P.L.91-2006, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) This subsection does not apply to tax revenue remitted by an operating agent operating a riverboat in a historic hotel district. After funds are appropriated under section 4 of this chapter, each month the treasurer of state shall distribute the tax revenue deposited in the state gaming fund under this chapter to the following:

(1) The first thirty-three million dollars (\$33,000,000) of tax revenues collected under this chapter shall be set aside for revenue sharing under subsection (e).

(2) Subject to subsection (c), twenty-five percent (25%) of the remaining tax revenue remitted by each licensed owner shall be paid:

(A) to the city that is designated as the home dock of the riverboat from which the tax revenue was collected, in the case of:

(i) a city described in IC 4-33-12-6(b)(1)(A); or

(ii) a city located in a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000); or

(B) to the county that is designated as the home dock of the riverboat from which the tax revenue was collected, in the case of a riverboat whose home dock is not in a city described in clause (A).

(3) Subject to subsection (d), the remainder of the tax revenue remitted by each licensed owner shall be paid to the property tax replacement fund. In each state fiscal year, the treasurer of state shall make the transfer required by this subdivision not later than the last business day of the month in which the tax revenue is remitted to the state for deposit in the state gaming fund. However, if tax revenue is received by the state on the last business day in a month, the treasurer of state may transfer the tax revenue to the property tax replacement fund in the immediately following month.

(b) This subsection applies only to tax revenue remitted by an operating agent operating a riverboat in a historic hotel district. After funds are appropriated under section 4 of this chapter, each month the treasurer of state shall distribute the tax revenue deposited in the state gaming fund under this chapter as follows:

(1) Thirty-seven and one-half percent (37.5%) shall be paid to the property tax replacement fund established under IC 6-1.1-21.

(2) Thirty-seven and one-half percent (37.5%) shall be paid to the West Baden Springs historic hotel preservation and maintenance fund established by IC 36-7-11.5-11(b). However, at any time the balance in that fund exceeds twenty million dollars (\$20,000,000), the amount described in this subdivision shall be paid to the property tax replacement fund established under IC 6-1.1-21.

(3) Five percent (5%) shall be paid to the historic hotel preservation commission established under IC 36-7-11.5.

(4) Ten percent (10%) shall be paid in equal amounts to each town that:

(A) is located in the county in which the riverboat docks; and

(B) contains a historic hotel.

The town council shall appropriate a part of the money received by the town under this subdivision to the budget of the town's tourism commission.

(5) Ten percent (10%) shall be paid to the county treasurer of the county in which the riverboat is docked. The county treasurer shall distribute the money received under this subdivision as follows:

(A) Twenty percent (20%) shall be quarterly distributed to the county treasurer of a county having a population of more than thirty-nine thousand six hundred (39,600) but less than forty thousand (40,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(B) Twenty percent (20%) shall be quarterly distributed to the county treasurer of a county having a population of more than ten thousand seven hundred (10,700) but less than twelve thousand (12,000) for appropriation by the

county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(C) Sixty percent (60%) shall be retained by the county where the riverboat is docked for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body shall provide for the distribution of part or all of the money received under this clause to the following under a formula established by the county fiscal body:

(i) A town having a population of more than two thousand two hundred (2,200) but less than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

(ii) A town having a population of more than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

(c) For each city and county receiving money under subsection (a)(2), the treasurer of state shall determine the total amount of money paid by the treasurer of state to the city or county during the state fiscal year 2002. The amount determined is the base year revenue for the city or county. The treasurer of state shall certify the base year revenue determined under this subsection to the city or county. The total amount of money distributed to a city or county under this section during a state fiscal year may not exceed the entity's base year revenue. For each state fiscal year, the treasurer of state shall pay that part of the riverboat wagering taxes that:

(1) exceeds a particular city's or county's base year revenue; and

(2) would otherwise be due to the city or county under this section;

to the property tax replacement fund instead of to the city or county.

(d) Each state fiscal year the treasurer of state shall transfer from the tax revenue remitted to the property tax replacement fund under subsection (a)(3) to the build Indiana fund an amount that when added to the following may not exceed two hundred fifty million dollars (\$250,000,000):

(1) Surplus lottery revenues under IC 4-30-17-3.

(2) Surplus revenue from the charity gaming enforcement fund under IC 4-32.2-7-7.

(3) Tax revenue from pari-mutuel wagering under IC 4-31-9-3.

The treasurer of state shall make transfers on a monthly basis as needed to meet the obligations of the build Indiana fund. If in any state fiscal year insufficient money is transferred to the property tax replacement fund under subsection (a)(3) to comply with this

subsection, the treasurer of state shall reduce the amount transferred to the build Indiana fund to the amount available in the property tax replacement fund from the transfers under subsection (a)(3) for the state fiscal year.

(e) Before August 15 of each year, the treasurer of state shall distribute the wagering taxes set aside for revenue sharing under subsection (a)(1) to the county treasurer of each county that does not have a riverboat according to the ratio that the county's population bears to the total population of the counties that do not have a riverboat. Except as provided in subsection (h), the county auditor shall distribute the money received by the county under this subsection as follows:

- (1) To each city located in the county according to the ratio the city's population bears to the total population of the county.
- (2) To each town located in the county according to the ratio the town's population bears to the total population of the county.
- (3) After the distributions required in subdivisions (1) and (2) are made, the remainder shall be retained by the county.

(f) Money received by a city, town, or county under subsection (e) or (h) may be used for any of the following purposes:

- (1) To reduce the property tax levy of the city, town, or county for a particular year (a property tax reduction under this subdivision does not reduce the maximum levy of the city, town, or county under IC 6-1.1-18.5).
- (2) For deposit in a special fund or allocation fund created under IC 8-22-3.5, IC 36-7-14, IC 36-7-14.5, IC 36-7-15.1, and IC 36-7-30 to provide funding for additional credits for property tax replacement in property tax increment allocation areas or debt repayment.
- (3) To fund sewer and water projects, including storm water management projects.
- (4) For police and fire pensions.
- (5) To carry out any governmental purpose for which the money is appropriated by the fiscal body of the city, town, or county. Money used under this subdivision does not reduce the property tax levy of the city, town, or county for a particular year or reduce the maximum levy of the city, town, or county under IC 6-1.1-18.5.

(g) This subsection does not apply to an entity receiving money under IC 4-33-12-6(c). Before September 15 of each year, the treasurer of state shall determine the total amount of money distributed to an entity under IC 4-33-12-6 during the preceding state fiscal year. If the treasurer of state determines that the total amount of money distributed to an entity under IC 4-33-12-6 during the preceding state fiscal year was less than the entity's base year revenue (as determined under IC 4-33-12-6), the treasurer of state shall make a supplemental distribution to the entity from taxes collected under this chapter and deposited into the property tax replacement fund. **Except as provided in subsection (i), the amount of the an entity's supplemental distribution is equal to:**

- (1) the entity's base year revenue (as determined under IC 4-33-12-6); minus

(2) the sum of:

(A) the total amount of money distributed to the entity during the preceding state fiscal year under IC 4-33-12-6; plus

(B) any amounts deducted under IC 6-3.1-20-7.

(h) This subsection applies only to a county containing a consolidated city. The county auditor shall distribute the money received by the county under subsection (e) as follows:

- (1) To each city, other than a consolidated city, located in the county according to the ratio that the city's population bears to the total population of the county.
- (2) To each town located in the county according to the ratio that the town's population bears to the total population of the county.
- (3) After the distributions required in subdivisions (1) and (2) are made, the remainder shall be paid in equal amounts to the consolidated city and the county.

(i) This subsection applies only to the Indiana horse racing commission. For each state fiscal year the amount of the Indiana horse racing commission's supplemental distribution under subsection (g) must be reduced by the amount required to comply with IC 4-33-12-7(a).

SECTION 20. IC 4-33-18-9, AS AMENDED BY P.L.91-2006, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) Nothing in this chapter may be construed to limit the powers or responsibilities of:

- (1) the ~~Indiana~~ state lottery commission under IC 4-30;
- (2) the Indiana horse racing commission under IC 4-31; or
- (3) the Indiana gaming commission under IC 4-32.2, ~~or~~ IC 4-33, **or IC 4-35.**

(b) The department may not exercise any administrative or regulatory powers with respect to:

- (1) the Indiana lottery under IC 4-30;
- (2) pari-mutuel horse racing under IC 4-31;
- (3) charity gaming under IC 4-32.2; ~~or~~
- (4) riverboat casino gambling under IC 4-33; **or**
- (5) gambling games conducted at a racetrack (as defined in IC 4-35-2-9) under IC 4-35.**

SECTION 21. IC 4-35 IS ADDED TO THE INDIANA CODE AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

ARTICLE 35. GAMBLING GAMES AT RACETRACKS
Chapter 1. Application

Sec. 1. This article applies only to gambling games conducted by a permit holder holding a gambling game license issued under IC 4-35-5.

Chapter 2. Definitions

Sec. 1. The definitions in this chapter apply throughout this article.

Sec. 2. "Adjusted gross receipts" means:

- (1) the total of all cash and property (including checks received by a licensee, whether collected or not) received by a licensee from gambling games; minus
- (2) the total of:
 - (A) all cash paid out to patrons as winnings for

gambling games; and

(B) uncollectible gambling game receivables, not to exceed the lesser of:

- (i) a reasonable provision for uncollectible patron checks received from gambling games; or
- (ii) two percent (2%) of the total of all sums, including checks, whether collected or not, less the amount paid out to patrons as winnings for gambling games.

For purposes of this section, a counter or personal check that is invalid or unenforceable under this article is considered cash received by the licensee from gambling games.

Sec. 3. "Commission" refers to the Indiana gaming commission established by IC 4-33-3-1.

Sec. 4. "Department" refers to the department of state revenue.

Sec. 5. "Gambling game" means a game played on a slot machine approved for wagering under this article by the commission.

Sec. 6. "Gaming agent" means an individual described in IC 4-33-4.5.

Sec. 7. "Licensee" means a person holding a license issued under this article.

Sec. 8. "Permit holder" means a person holding a permit issued under IC 4-31-5 to conduct a pari-mutuel horse racing meeting.

Sec. 9. "Racetrack" means the racetrack specified in a permit holder's permit to conduct a pari-mutuel horse racing meeting.

Sec. 10. "Supplier's license" means a license issued under IC 4-35-6.

Chapter 3. General Provisions

Sec. 1. All shipments of slot machines to licensees in Indiana, the registering, recording, and labeling of which have been completed by the manufacturer or dealer in accordance with 15 U.S.C. 1171 through 15 U.S.C. 1178, are legal shipments of gambling devices into Indiana.

Sec. 2. Under 15 U.S.C. 1172, approved January 2, 1951, the state of Indiana, acting by and through elected and qualified members of the general assembly, declares that the state is exempt from 15 U.S.C. 1172.

Sec. 3. (a) This section does not apply to real or personal property taxes imposed by a local taxing unit.

(b) Local governmental authority concerning all matters relating to the gambling games at racetracks conducted under this article is preempted by the state under this article.

(c) No tax or fee, except as provided in this article, shall be assessed or collected from a permit holder by a political subdivision having the power to assess or collect a tax or fee. This section does not prohibit the assessment and levying of property taxes otherwise authorized by law or the imposing of a special assessment (including a ditch or drainage assessment, Barrett Law assessment, improvement assessment, sewer assessment, or sewage assessment) otherwise authorized by law to be imposed on property to be benefitted by an improvement.

(d) A political subdivision may not enter an agreement with a permit holder that requires any financial commitments from the permit holder that are in addition to the fees and taxes imposed under this article.

Sec. 4. This article will maintain the public's confidence and trust through:

- (1) comprehensive law enforcement supervision; and
- (2) the strict regulation of facilities, persons, associations, and gambling games at racetracks under this article.

Chapter 4. Powers and Duties of the Indiana Gaming Commission

Sec. 1. (a) The commission shall regulate and administer gambling games conducted by a licensee under this article.

(b) The commission has the following powers and duties for the purpose of administering, regulating, and enforcing the system of gambling games at racetracks authorized under this article:

- (1) All powers and duties specified in this article.
- (2) All powers necessary and proper to fully and effectively execute this article.
- (3) Jurisdiction and supervision over the following:
 - (A) All gambling game operations in Indiana.
 - (B) All persons at racetracks where gambling games are conducted.
- (4) The power to investigate and reinvestigate applicants and licensees and determine the eligibility of applicants for licenses.
- (5) The power to take appropriate administrative enforcement or disciplinary action against a licensee.
- (6) The power to investigate alleged violations of this article.
- (7) The power to conduct hearings.
- (8) The power to issue subpoenas for the attendance of witnesses and subpoenas duces tecum for the production of books, records, and other relevant documents.
- (9) The power to administer oaths and affirmations to the witnesses.
- (10) The power to prescribe forms to be used by licensees.
- (11) The power to revoke, suspend, or renew licenses issued under this article.
- (12) The power to hire employees to gather information, conduct investigations, and carry out other tasks under this article. The employees hired by the commission under this article may be the same as the commission's employees hired under IC 4-32.2 or IC 4-33.
- (13) The power to take any reasonable or appropriate action to enforce this article.

(c) The commission may by resolution assign to the executive director any duty imposed upon the commission by this article.

(d) The executive director shall perform the duties assigned to the executive director by the commission. The executive director may exercise any power conferred upon the commission by this article that is consistent with the duties assigned to the executive director under subsection (c).

Sec. 2. (a) The commission shall do the following:

(1) Adopt rules under IC 4-22-2 that the commission determines are necessary to protect or enhance the following:

(A) The credibility and integrity of gambling games authorized under this article.

(B) The regulatory process provided in this article.

(2) Conduct all hearings concerning civil violations of this article.

(3) Provide for the establishment and collection of license fees imposed under this article, and deposit the license fees in the state general fund.

(4) Levy and collect penalties for noncriminal violations of this article and deposit the penalties in the state general fund.

(5) Approve the design, appearance, aesthetics, and construction of slot machine facilities authorized under this article.

(6) Adopt emergency rules under IC 4-22-2-37.1 if the commission determines that:

(A) the need for a rule is so immediate and substantial that rulemaking procedures under IC 4-22-2-13 through IC 4-22-2-36 are inadequate to address the need; and

(B) an emergency rule is likely to address the need.

(7) Adopt rules to establish and implement a voluntary exclusion program that meets the requirements of subsection (c).

(b) The commission shall begin rulemaking procedures under IC 4-22-2-13 through IC 4-22-2-36 to adopt an emergency rule adopted under subsection (a)(6) not later than thirty (30) days after the adoption of the emergency rule under subsection (a)(6).

(c) Rules adopted under subsection (a)(7) must provide the following:

(1) Except as provided by rule of the commission, a person who participates in the voluntary exclusion program agrees to refrain from entering a facility at which gambling games are conducted or another facility under the jurisdiction of the commission.

(2) That the name of a person participating in the program will be included on a list of persons excluded from all facilities under the jurisdiction of the commission.

(3) Except as provided by rule of the commission, a person who participates in the voluntary exclusion program may not petition the commission for readmittance to a facility under the jurisdiction of the commission.

(4) That the list of patrons entering the voluntary exclusion program and the personal information of the participants are confidential and may only be disseminated by the commission to the owner or operator of a facility under the jurisdiction of the commission for purposes of enforcement and to other entities, upon request by the participant and agreement by the commission.

(5) That an owner of a facility under the jurisdiction of

the commission shall make all reasonable attempts as determined by the commission to cease all direct marketing efforts to a person participating in the program.

(6) That an owner of a facility under the jurisdiction of the commission may not cash the check of a person participating in the program or extend credit to the person in any manner. However, the voluntary exclusion program does not preclude an owner from seeking the payment of a debt accrued by a person before entering the program.

Sec. 3. The commission shall adopt rules under IC 4-22-2 for the following purposes:

(1) Administering this article.

(2) Establishing the conditions under which gambling games at racetracks may be conducted.

(3) Providing for the prevention of practices detrimental to the public interest.

(4) Establishing rules concerning the inspection of gambling game facilities at racetracks and the review of the licenses necessary to conduct gambling games under this article.

(5) Imposing penalties for noncriminal violations of this article.

Sec. 4. The commission shall be present through the commission's gaming agents during the time gambling games are being conducted at a racetrack to do the following:

(1) Certify the revenue received by a racetrack from gambling games.

(2) Receive complaints from the public concerning the operation of gambling games.

(3) Conduct other investigations into the conduct of the gambling games and the maintenance of the equipment that the commission considers necessary and proper.

Sec. 5. The commission shall employ gaming agents to perform duties imposed by this article. A licensee shall, under rules adopted by the commission under IC 4-22-2, reimburse the commission for:

(1) training expenses incurred to train gaming agents;

(2) salaries and other expenses of staff required to support the gaming agents; and

(3) salaries and other expenses of the gaming agents required to be present during the time gambling games are being conducted at a racetrack.

Sec. 6. The commission may enter into a contract with the Indiana horse racing commission for the provision of services necessary to administer this article.

Sec. 7. (a) The commission shall adopt standards for the licensing of the following:

(1) Persons regulated under this article.

(2) Slot machines used in gambling games.

(b) Where applicable, 68 IAC applies to racetracks conducting gambling games under this article.

Sec. 8. The commission shall require that the records, including financial statements, of a licensee must be maintained

in the manner prescribed by the commission.

Sec. 9. (a) The commission may eject or exclude or authorize the ejection or exclusion of a person from a facility at which gambling games are conducted if:

- (1) the person's name is on the list of persons voluntarily excluding themselves from all facilities at which gambling games are conducted in a program established under the rules of the commission;
- (2) the person violates this article; or
- (3) the commission determines that the person's conduct or reputation is such that the person's presence within a facility at which gambling games are conducted may:
 - (A) call into question the honesty and integrity of the gambling games at racetracks; or
 - (B) interfere with the orderly conduct of the gambling games at racetracks.

(b) A person, other than a person participating in a voluntary exclusion program, may petition the commission for a hearing on the person's ejection or exclusion under this section.

Sec. 10. If a licensee or an employee of a licensee violates this article or engages in a fraudulent act, the commission may do any combination of the following:

- (1) Suspend, revoke, or restrict the license of the licensee.
- (2) Require the removal of a licensee or an employee of a licensee.
- (3) Impose a civil penalty of not more than the greater of:
 - (A) ten thousand dollars (\$10,000); or
 - (B) an amount equal to the licensee's daily gross receipts for the day of the violation;
 against a licensee for each violation of this article.
- (4) Impose a civil penalty of not more than twenty-five thousand dollars (\$25,000) against a person who has been issued a supplier's license for each violation of this article.

Sec. 11. (a) The commission shall review and make a determination on a complaint by a licensee concerning an investigative procedure that the licensee alleges is unnecessarily disruptive of gambling games at racetracks.

(b) A licensee filing a complaint under this section must prove all of the following by clear and convincing evidence:

- (1) The investigative procedure had no reasonable law enforcement purpose.
- (2) The investigative procedure was so disruptive as to unreasonably inhibit gambling games at racetracks.

(c) For purposes of this section, the need to inspect and investigate a licensee shall be presumed at all times.

Sec. 12. (a) The commission shall require a licensee to conspicuously display the number of the toll free telephone line described in IC 4-33-12-6 in the following locations:

- (1) On each admission ticket to a facility at which gambling games are conducted, if tickets are issued.
- (2) On a poster or placard that is on display in a public area of each facility at which gambling games at racetracks are conducted.

(b) The commission may adopt rules under IC 4-22-2

necessary to carry out this section.

Chapter 5. Gambling Game License

Sec. 1. The commission may issue a license to a permit holder to conduct gambling games under this article at the permit holder's racetrack. The number of licenses issued under this chapter may not exceed two (2).

Sec. 2. (a) Before issuing a license to a person under this chapter, the commission shall subject the person to a background investigation similar to a background investigation required for an applicant for a riverboat owner's license under IC 4-33-6.

(b) Before the commission may issue a license to a person under this chapter, the person must submit to the commission for the commission's approval the physical layout of the person's proposed slot machines and the facilities that will contain the proposed slot machines. The facilities that will contain the slot machines must be connected to the licensee's racetrack facilities.

Sec. 2.4. In determining whether to grant a license under this chapter to an applicant, the commission shall consider the following:

(1) The character, reputation, experience, and financial integrity of the following:

(A) The applicant.

(B) A person that:

- (i) directly or indirectly controls the applicant; or
- (ii) is directly or indirectly controlled by the applicant or by a person that directly or indirectly controls the applicant.

(2) The facilities or proposed facilities for the conduct of gambling games. The facilities or proposed facilities must include capital expenditures of at least one hundred million dollars (\$100,000,000).

(3) The prospective total revenue to be collected by the state from the conduct of gambling games.

(4) The good faith affirmative action plan of each applicant to recruit, train, and upgrade minorities in all employment classifications.

(5) The financial ability of the applicant to purchase and maintain adequate liability and casualty insurance.

(6) If the applicant has adequate capitalization to provide and maintain facilities for gambling games for the duration of the license.

(7) The extent to which the applicant exceeds or meets other standards adopted by the commission.

Sec. 2.5. The commission may not issue a license under this chapter to a person if:

(1) the person has been convicted of a felony under Indiana law, the laws of any other state, or the laws of the United States;

(2) the person has knowingly or intentionally submitted an application for a license under this chapter that contains false information;

(3) the person is a member of the commission;

(4) the person is an officer, a director, or a managerial

employee of a person described in subdivision (1) or (2);
 (5) the person employs an individual who:
 (A) is described in subdivision (1), (2), or (3); and
 (B) participates in the management or operation of
 gambling games authorized under this article; or
 (6) a license issued to the person:
 (A) under this article; or
 (B) to own or operate gambling facilities in another
 jurisdiction;
 has been revoked.

Sec. 2.6. (a) A licensee under this chapter must post a bond with the commission at least sixty (60) days before the commencement of gambling games at the licensee's racetrack.

(b) The bond shall be furnished in:

- (1) cash or negotiable securities;
- (2) a surety bond:
 (A) with a surety company approved by the commission; and
 (B) guaranteed by a satisfactory guarantor; or
- (3) an irrevocable letter of credit issued by a banking institution of Indiana acceptable to the commission.

(c) If a bond is furnished in cash or negotiable securities, the principal shall be placed without restriction at the disposal of the commission, but income inures to the benefit of the licensee.

(d) The bond:

- (1) is subject to the approval of the commission;
- (2) must be in an amount that the commission determines will adequately reflect the amount that a local community will expend for infrastructure and other facilities associated with gambling games at the racetrack; and
- (3) must be payable to the commission as obligee for use in payment of the licensee's financial obligations to the local community, the state, and other aggrieved parties, as determined by the rules of the commission.

(e) If after a hearing (after at least five (5) days written notice) the commission determines that the amount of a licensee's bond is insufficient, the licensee shall upon written demand of the commission file a new bond.

(f) The commission may require a licensee to file a new bond with a satisfactory surety in the same form and amount if:

- (1) liability on the old bond is discharged or reduced by judgment rendered, by payment made, or otherwise; or
- (2) in the opinion of the commission any surety on the old bond becomes unsatisfactory.

(g) If a new bond obtained under subsection (e) or (f) is unsatisfactory, the commission shall cancel the licensee's license. If the new bond is satisfactorily furnished, the commission shall release in writing the surety on the old bond from any liability accruing after the effective date of the new bond.

(h) The proceeds of a bond that is in default under this subsection are paid to the commission for the benefit of the local unit in which the racetrack is located.

(i) The total and aggregate liability of the surety on a bond is limited to the amount specified in the bond, and the

continuous nature of the bond may in no event be construed as allowing the liability of the surety under a bond to accumulate for each successive approval period during which the bond is in force.

(j) The commission may adopt rules authorizing the release of a bond under this section.

Sec. 2.7. The commission may revoke a license under this chapter if:

- (1) the licensee begins regular gambling game operations more than twelve (12) months after receiving the commission's approval of the application for the license; and
- (2) the commission determines that the revocation of the license is in the best interests of Indiana.

Sec. 2.8. A license to conduct gambling games:

- (1) is a revocable privilege granted by the state; and
- (2) is not a property right.

Sec. 3. (a) A permit holder that is issued a gambling game license under this article must pay to the commission an initial licensing fee of two hundred fifty million dollars (\$250,000,000) as follows:

- (1) One hundred fifty million dollars (\$150,000,000) payable before November 1, 2007.
- (2) One hundred million dollars (\$100,000,000) payable before November 1, 2008.

(b) The commission shall deposit any initial licensing fees collected under this section into the property tax reduction trust fund established by IC 4-35-8-2. Subject to an appropriation by the general assembly, money deposited into the property tax reduction trust fund under this section may be used to provide property tax relief in any manner prescribed by the general assembly.

Sec. 4. (a) An initial gambling game license expires five (5) years after the effective date of the license. Unless the gambling game license is terminated or revoked, the gambling game license may be renewed annually thereafter upon:

- (1) the payment of an annual renewal fee of one hundred dollars (\$100) per slot machine operated by the licensee; and
- (2) a determination by the commission that the licensee satisfies the conditions of this chapter.

Renewal fees paid under this section shall be deposited in the property tax reduction trust fund established by IC 4-35-8-2.

(b) Except as provided in subsection (c), an initial gaming license may not be transferred by the initial licensee for at least five (5) years after the effective date of the license.

(c) A gambling game license may be transferred for any of the following reasons:

- (1) As a result of a bankruptcy, a receivership, or a debt adjustment initiated by or against the initial licensee or the substantial owners of the initial licensee.
- (2) Because:
 - (A) the licensee's license has been cancelled, terminated, or revoked by the commission; or
 - (B) the commission determines that transferring the

license is in the best interests of Indiana.

(3) Because of the death of a substantial owner of the initial licensee.

A transfer permitted under this subsection is subject to section 7 of this chapter.

Sec. 4.5. A license issued under this article is null and void if the licensee fails to:

- (1) obtain or maintain a permit issued under IC 4-31-5 to conduct a pari-mutuel wagering horse racing meeting in Indiana; or
- (2) satisfy the requirements of IC 4-31 concerning the amount of live horse racing that the licensee must conduct at the licensee's racetrack.

Sec. 5. (a) The commission shall conduct a complete investigation of each licensee every three (3) years to determine whether the licensee remains in compliance with this article.

(b) Notwithstanding subsection (a), the commission may investigate a licensee at any time the commission determines it is necessary to ensure that the licensee remains in compliance with this article.

Sec. 6. A permit holder or other person investigated under this chapter shall bear the cost of the investigation.

Sec. 7. (a) A licensee or any other person must apply for and receive the commission's approval before:

- (1) a gambling game license is:
 - (A) transferred;
 - (B) sold; or
 - (C) purchased; or
- (2) a voting trust agreement or other similar agreement is established with respect to the gambling game license.

(b) The commission shall adopt rules governing the procedure a licensee or other person must follow to take an action under subsection (a). The rules must specify that a person who obtains an ownership interest in a gambling game license must meet the criteria of this article and comply with the rules adopted by the commission. A licensee may transfer a gambling game license only in accordance with this article and the rules adopted by the commission.

(c) A person may not:

- (1) lease;
- (2) hypothecate; or
- (3) borrow or loan money against;

a gambling game license.

(d) Except as provided in subsection (e), a transfer fee is imposed on an initial licensee who sells or otherwise relinquishes a controlling interest, as determined under the rules of the commission, in a gambling game license. The amount of the fee is fifty million dollars (\$50,000,000).

(e) The fee imposed by subsection (d) does not apply if:

- (1) the gambling game license is transferred as a result of an event described in section 4(c) of this chapter; or
- (2) the controlling interest in the gambling game license is transferred in a transaction in which no gain or loss is recognized as a result of the transaction in accordance with Section 351 of the Internal Revenue Code.

(f) The transfer of a gambling game license by a person other than the initial licensee to receive the gambling game license is not subject to a transfer fee.

Sec. 8. Except as otherwise provided in this chapter, the commission shall transfer:

- (1) fees collected under this chapter; and
- (2) all investigation costs recovered under this chapter; to the treasurer of state for deposit in the state general fund.

Chapter 6. Slot Machine Suppliers

Sec. 1. The commission may issue a supplier's license under this chapter to a person if:

- (1) the person has:
 - (A) applied for the supplier's license;
 - (B) paid a nonrefundable application fee set by the commission;
 - (C) paid a five thousand dollar (\$5,000) annual supplier's license fee; and
 - (D) submitted, on forms provided by the commission, two (2) sets of:
 - (i) the individual's fingerprints, if the applicant is an individual; or
 - (ii) fingerprints for each officer and director of the applicant, if the applicant is not an individual; and
- (2) the commission has determined that the applicant is eligible for a supplier's license.

Sec. 2. A person may not receive a supplier's license under this chapter if:

- (1) the person has been convicted of a felony under Indiana law, the laws of any other state, or the laws of the United States;
- (2) the person has knowingly or intentionally submitted an application for a supplier's license under this chapter that contains false information;
- (3) the person is a member of the commission;
- (4) the person is an officer, a director, or a managerial employee of a person described in subdivision (1) or (2);
- (5) the person employs an individual who:
 - (A) is described in subdivision (1), (2), or (3); or
 - (B) participates in the management or operation of gambling games at racetracks authorized under this article;
- (6) the person owns more than a ten percent (10%) ownership interest in any other person holding a permit issued under IC 4-31; or
- (7) a license issued to the person:
 - (A) under this article;
 - (B) under IC 4-33-7; or
 - (C) to supply gaming supplies in another jurisdiction; has been revoked.

Sec. 3. A holder of a supplier's license may:

- (1) sell;
- (2) lease; or
- (3) contract to sell or lease;

a slot machine to a licensee.

Sec. 4. A person may not furnish slot machines to a licensee

unless the person possesses a supplier's license.

Sec. 5. A slot machine may not be distributed for use under this article unless the slot machine conforms to standards adopted by the commission.

Sec. 6. (a) A supplier shall furnish to the commission a list of all slot machines offered for sale or lease in connection with gambling games authorized under this article.

(b) A supplier shall keep books and records for the furnishing of slot machines to licensees. The books and records required under this subsection must be kept separate from the books and records of any other business operated by the supplier.

(c) A supplier shall file a quarterly return with the commission listing all sales and leases.

(d) A supplier shall permanently affix the supplier's name to all slot machines that the supplier provides to licensees under this chapter.

Sec. 7. If the commission determines that a supplier's slot machine has been used by a person in an unauthorized gambling operation, the slot machine shall be forfeited to the state.

Sec. 8. Slot machines operated under this article may be:

- (1) repaired on the premises of a racetrack; or
- (2) removed for repair from the racetrack to a facility owned by the licensee.

Sec. 9. (a) Unless a supplier's license is suspended, expires, or is revoked, the supplier's license may be renewed annually upon:

- (1) the payment of a five thousand dollar (\$5,000) annual renewal fee; and
- (2) a determination by the commission that the holder of the supplier's license is in compliance with this article.

(b) The commission shall conduct a complete investigation of each holder of a supplier's license every three (3) years to determine whether the holder of the supplier's license is in compliance with this article.

(c) Notwithstanding subsection (b), the commission may investigate the holder of a supplier's license at any time the commission determines it is necessary to ensure that the holder of the supplier's license is in compliance with this article.

(d) The holder of a supplier's license shall bear the cost of an investigation or a reinvestigation of the licensee and any investigation resulting from a potential transfer of ownership.

Sec. 10. The commission shall transfer:

- (1) fees collected under this chapter; and
- (2) all investigation costs recovered under this chapter;

to the treasurer of state for deposit in the state general fund.

Chapter 6.5. Licensing of Occupations

Sec. 1. The commission shall determine the occupations related to gambling games at racetracks that require a license under this chapter.

Sec. 2. (a) The commission may issue an occupational license to an individual if:

- (1) the individual has applied for the occupational license;
- (2) a nonrefundable application fee set by the commission

has been paid on behalf of the applicant in accordance with subsection (b);

(3) the commission has determined that the applicant is eligible for an occupational license; and

(4) an annual license fee in an amount established by the commission has been paid on behalf of the applicant in accordance with subsection (b).

(b) A permit holder that is an applicant for a license under this article or that is issued a license under this article or a holder of a supplier's license under this article shall pay the application fee of an individual applying for an occupational license to work:

- (1) in an occupation related to gambling games at the permit holder's racetrack; or
- (2) for the holder of a supplier's license.

A permit holder that is an applicant for a license under this article or that is issued a license under this article or a holder of a supplier's license under this article shall pay the annual occupational license fee on behalf of an employee or potential employee. A permit holder that is an applicant for a license under this article or that is issued a license under this article or a holder of a supplier's license under this article may seek reimbursement of the application fee or annual license fee from an employee who is issued an occupational license.

(c) A license issued under this chapter is valid for one (1) year after the date of issuance.

(d) Unless an occupational license is suspended, expires, or is revoked, the occupational license may be renewed annually upon:

- (1) the payment of an annual license fee by the permit holder that is issued a license under this article or the holder of a supplier's license under this article on behalf of the licensee in an amount established by the commission; and
- (2) a determination by the commission that the licensee is in compliance with this article.

(e) The commission may investigate the holder of an occupational license at any time the commission determines it is necessary to ensure that the licensee is in compliance with this article.

(f) A permit holder that is an applicant for a license under this article or that is issued a license under this article or a holder of a supplier's license under this article:

- (1) shall pay the cost of an investigation or reinvestigation of a holder of an occupational license who is employed by the permit holder or holder of a supplier's license; and
- (2) may seek reimbursement of the cost of an investigation or reinvestigation from an employee who holds an occupational license.

Sec. 3. Except as provided by section 11 of this chapter, the commission may not issue an occupational license to an individual unless the individual:

- (1) is at least eighteen (18) years of age;
- (2) has not been convicted of a felony under Indiana law, the laws of any other state, or the laws of the United

States;

(3) has demonstrated a level of skill or knowledge that the commission determines is necessary to operate gambling games at racetracks; and

(4) has met standards adopted by the commission for the holding of an occupational license.

Sec. 4. The commission shall adopt rules under IC 4-22-2 providing the following:

(1) That an individual applying for an occupational license to manage gambling games at racetracks under this article is subject to background inquiries and requirements similar to those required for an applicant for a license under IC 4-33-6.

(2) That each individual applying for an occupational license may manage gambling games for only one (1) licensee.

Sec. 5. (a) An application for an occupational license must:

(1) be made on forms prescribed by the commission; and
(2) contain all information required by the commission.

(b) An applicant for an occupational license must provide the following information in the application:

(1) If the applicant has held other licenses relating to gambling.

(2) If the applicant has been licensed in any other state under any other name. The applicant must provide under this subdivision the name under which the applicant was licensed in the other state.

(3) The applicant's age.

(4) If a permit or license issued to the applicant in another state has been suspended, restricted, or revoked. The applicant must describe the date and length of a suspension, restriction, or revocation described in this subdivision.

Sec. 6. An applicant for an occupational license must submit with the application two (2) sets of the applicant's fingerprints. The applicant must submit the fingerprints on forms provided by the commission. The commission shall charge each applicant a fee set by the state police department to defray the costs associated with the search and classification of the applicant's fingerprints.

Sec. 7. The commission may refuse to issue an occupational license to an individual who:

(1) is unqualified to perform the duties required of the applicant;

(2) does not disclose or states falsely any information required by the application;

(3) has been found guilty of a violation of this article;

(4) has had a gambling related license or an application for a gambling related license suspended, restricted, revoked, or denied for just cause in another state; or

(5) for just cause is considered by the commission to be unfit to hold an occupational license.

Sec. 8. The commission may suspend, revoke, or restrict an occupational licensee for the following reasons:

(1) A violation of this article.

(2) A cause that if known to the commission would have disqualified the applicant from receiving the occupational license.

(3) A default in the payment of an obligation or a debt due to the state.

(4) Any other just cause.

Sec. 9. (a) This article does not prohibit a permit holder that is issued a license from entering into an agreement with a school approved by the commission for the training of an occupational licensee.

(b) Training offered by a school described in subsection (a) must be:

(1) in accordance with a written agreement between the licensee and the school; and

(2) approved by the commission.

Sec. 10. Training provided for occupational licensees may be conducted:

(1) at a racetrack; or

(2) at a school with which a licensee has entered into an agreement under section 9 of this chapter.

Sec. 11. (a) An individual who is disqualified under section 3(2) of this chapter due to a conviction for a felony may apply to the commission for a waiver of the requirements of section 3(2) of this chapter.

(b) The commission may waive the requirements of section 3(2) of this chapter with respect to an individual applying for an occupational license if:

(1) the individual qualifies for a waiver under subsection (e) or (f); and

(2) the commission determines that the individual has demonstrated by clear and convincing evidence the individual's rehabilitation.

(c) In determining whether the individual applying for the occupational license has demonstrated rehabilitation under subsection (b), the commission shall consider the following factors:

(1) The nature and duties of the position applied for by the individual.

(2) The nature and seriousness of the offense or conduct.

(3) The circumstances under which the offense or conduct occurred.

(4) The date of the offense or conduct.

(5) The age of the individual when the offense or conduct was committed.

(6) Whether the offense or conduct was an isolated or a repeated incident.

(7) A social condition that may have contributed to the offense or conduct.

(8) Evidence of rehabilitation, including good conduct in prison or in the community, counseling or psychiatric treatment received, acquisition of additional academic or vocational education, successful participation in a correctional work release program, or the recommendation of a person who has or has had the individual under the person's supervision.

- (9) The complete criminal record of the individual.
- (10) The prospective employer's written statement that:
- (A) the employer has been advised of all of the facts and circumstances of the individual's criminal record; and
 - (B) after having considered the facts and circumstances, the prospective employer will hire the individual if the commission grants a waiver of the requirements of section 3(2) of this chapter.
- (d) The commission may not waive the requirements of section 3(2) of this chapter for an individual who has been convicted of committing any of the following:
- (1) A felony in violation of federal law (as classified in 18 U.S.C. 3559).
 - (2) A felony of fraud, deceit, or misrepresentation under the laws of Indiana or any other jurisdiction.
 - (3) A felony of conspiracy to commit a felony described in subdivision (1), (2), or (4) under the laws of Indiana or any other jurisdiction.
 - (4) A felony of gambling under IC 35-45-5 or IC 35-45-6 or a crime in any other jurisdiction in which the elements of the crime for which the conviction was entered are substantially similar to the elements of a crime described in IC 35-45-5 or IC 35-45-6.
- (e) The commission may waive the requirements of section 3(2) of this chapter for an individual if:
- (1) the individual has been convicted of committing:
 - (A) a felony described in IC 35-42 against another human being or a felony described in IC 35-48-4;
 - (B) a felony under Indiana law that results in bodily injury, serious bodily injury, or death to another human being; or
 - (C) a crime in any other jurisdiction in which the elements of the crime for which the conviction was entered are substantially similar to the elements of a felony described in clause (A) or (B); and
 - (2) ten (10) years have elapsed from the date the individual was discharged from probation, imprisonment, or parole, whichever is later, for the conviction described in subdivision (1).
- (f) The commission may waive the requirements of section 3(2) of this chapter for an individual if:
- (1) the individual has been convicted in Indiana or any other jurisdiction of committing a felony not described in subsection (d) or (e); and
 - (2) five (5) years have elapsed from the date the individual was discharged from probation, imprisonment, or parole, whichever is later, for the conviction described in subdivision (1).
- (g) To enable a prospective employer to determine, for purposes of subsection (c)(10), whether the prospective employer has been advised of all of the facts and circumstances of the individual's criminal record, the commission shall notify the prospective employer of all information that the commission:

- (1) has obtained concerning the individual; and
 - (2) is authorized to release under IC 5-14.
- (h) The commission shall deny the individual's request to waive the requirements of section 3(2) of this chapter if the individual fails to disclose to both the commission and the prospective employer all information relevant to this section.
- Chapter 7. Conduct of Gambling Games at Racetracks**
- Sec. 1. Gambling games authorized under this article may not be conducted anywhere other than a slot machine facility located at a racetrack.**
- Sec. 2. (a) A person who is less than twenty-one (21) years of age may not wager on a slot machine.**
- (b) Except as provided in subsection (c), a person who is less than twenty-one (21) years of age may not be present in the area of a racetrack where gambling games are conducted.**
- (c) A person who is at least eighteen (18) years of age and who is an employee of the racetrack may be present in the area of the racetrack where gambling games are conducted. However, an employee who is less than twenty-one (21) years of age may not perform any function involving gambling by the patrons of the licensee's slot machine facility.**
- Sec. 3. Minimum and maximum wagers on gambling games shall be determined by the licensee.**
- Sec. 4. The following may inspect a licensee's slot machine facility at any time to determine if this article is being violated:**
- (1) Employees of the commission.
 - (2) Officers of the state police department.
- Sec. 5. Employees of the commission have the right to be present in a licensee's slot machine facility.**
- Sec. 6. A slot machine may be purchased or leased only from a supplier licensed under this article.**
- Sec. 7. Except as provided in section 14 of this chapter, slot machine wagering is the only form of wagering permitted in a licensee's slot machine facility.**
- Sec. 8. Wagers may be received only from a person present in a licensee's slot machine facility. A person present in a licensee's slot machine facility may not place or attempt to place a wager on behalf of a person who is not present in the licensee's slot machine facility.**
- Sec. 9. (a) A patron may make a slot machine wager at a racetrack only by means of:**
- (1) a token or an electronic card purchased from a licensee at the licensee's racetrack; or
 - (2) money or other negotiable currency.
- (b) A token or an electronic card may be purchased by means of an agreement under which a licensee extends credit to the patron.**
- (c) All winnings and payoffs from a slot machine at a racetrack:**
- (1) shall be made in tokens, electronic cards, paper tickets, or other evidence of winnings and payoffs approved by the commission; and
 - (2) may not be made in money or other negotiable currency.
- Sec. 10. A token or an electronic card described in section 9**

of this chapter may be used by a patron while the patron is present at the racetrack only to make a wager on a slot machine authorized under this article.

Sec. 11. A licensee may not install more than two thousand (2,000) slot machines on the premises of the licensee's racetrack without the approval of the commission.

Sec. 12. (a) The Indiana horse racing commission shall enforce the requirements of this section.

(b) Except as provided in subsections (j) and (k), a licensee shall before the fifteenth day of each month devote to the gaming integrity fund, horse racing purses, and to horsemen's associations an amount equal to fifteen percent (15%) of the adjusted gross receipts of the slot machine wagering from the previous month at the licensee's racetrack. The Indiana horse racing commission may not use any of this money for any administrative purpose or other purpose of the Indiana horse racing commission, and the entire amount of the money shall be distributed as provided in this section. A licensee shall pay the first two hundred fifty thousand dollars (\$250,000) distributed under this section in a state fiscal year to the commission for deposit in the gaming integrity fund established by IC 4-35-8.7-3. After this money has been distributed to the commission, a licensee shall distribute the remaining money devoted to horse racing purses and to horsemen's associations under this subsection as follows:

- (1) Five-tenths percent (0.5%) shall be transferred to horsemen's associations for equine promotion or welfare according to the ratios specified in subsection (e).
- (2) Two and five-tenths percent (2.5%) shall be transferred to horsemen's associations for backside benevolence according to the ratios specified in subsection (e).
- (3) Ninety-seven percent (97%) shall be distributed to promote horses and horse racing as provided in subsection (d).

(c) A horsemen's association shall expend the amounts distributed to the horsemen's association under subsection (b)(1) through (b)(2) for a purpose promoting the equine industry or equine welfare or for a benevolent purpose that the horsemen's association determines is in the best interests of horse racing in Indiana for the breed represented by the horsemen's association. Expenditures under this subsection are subject to the regulatory requirements of subsection (f).

(d) A licensee shall distribute the amounts described in subsection (b)(3) as follows:

- (1) Forty-six percent (46%) for thoroughbred purposes as follows:
 - (A) Sixty percent (60%) for the following purposes:
 - (i) Ninety-seven percent (97%) for thoroughbred purses.
 - (ii) Two and four-tenths percent (2.4%) to the horsemen's association representing thoroughbred owners and trainers.
 - (iii) Six-tenths percent (0.6%) to the horsemen's association representing thoroughbred owners and

breeders.

(B) Forty percent (40%) to the breed development fund established for thoroughbreds under IC 4-31-11-10.

(2) Forty-six percent (46%) for standardbred purposes as follows:

(A) Fifty percent (50%) for the following purposes:

- (i) Ninety-six and five-tenths percent (96.5%) for standardbred purses.

(ii) Three and five-tenths percent (3.5%) to the horsemen's association representing standardbred owners and trainers.

(B) Fifty percent (50%) to the breed development fund established for standardbreds under IC 4-31-11-10.

(3) Eight percent (8%) for quarter horse purposes as follows:

(A) Seventy percent (70%) for the following purposes:

- (i) Ninety-five percent (95%) for quarter horse purses.

(ii) Five percent (5%) to the horsemen's association representing quarter horse owners and trainers.

(B) Thirty percent (30%) to the breed development fund established for quarter horses under IC 4-31-11-10.

Expenditures under this subsection are subject to the regulatory requirements of subsection (f).

(e) Money distributed under subsection (b)(1) and (b)(2) shall be allocated as follows:

(1) Forty-six percent (46%) to the horsemen's association representing thoroughbred owners and trainers.

(2) Forty-six percent (46%) to the horsemen's association representing standardbred owners and trainers.

(3) Eight percent (8%) to the horsemen's association representing quarter horse owners and trainers.

(f) Money distributed under this section may not be expended unless the expenditure is for a purpose authorized in this section and is either for a purpose promoting the equine industry or equine welfare or is for a benevolent purpose that is in the best interests of horse racing in Indiana or the necessary expenditures for the operations of the horsemen's association required to implement and fulfill the purposes of this section. The Indiana horse racing commission may review any expenditure of money distributed under this section to ensure that the requirements of this section are satisfied. The Indiana horse racing commission shall adopt rules concerning the review and oversight of money distributed under this section and shall adopt rules concerning the enforcement of this section. The following apply to a horsemen's association receiving a distribution of money under this section:

(1) The horsemen's association must annually file a report with the Indiana horse racing commission concerning the use of the money by the horsemen's association. The report must include information as required by the commission.

(2) The horsemen's association must register with the

Indiana horse racing commission.

(g) The commission shall provide the Indiana horse racing commission with the information necessary to enforce this section.

(h) The Indiana horse racing commission shall investigate any complaint that a licensee has failed to comply with the horse racing purse requirements set forth in this section. If, after notice and a hearing, the Indiana horse racing commission finds that a licensee has failed to comply with the purse requirements set forth in this section, the Indiana horse racing commission may:

- (1) issue a warning to the licensee;
- (2) impose a civil penalty that may not exceed one million dollars (\$1,000,000); or
- (3) suspend a meeting permit issued under IC 4-31-5 to conduct a pari-mutuel wagering horse racing meeting in Indiana.

(i) A civil penalty collected under this section must be deposited in the state general fund.

(j) For a state fiscal year beginning after June 30, 2008, and ending before July 1, 2009, the amount of money dedicated to the purposes described in subsection (b) for a particular state fiscal year is equal to the lesser of:

- (1) fifteen percent (15%) of the licensee's adjusted gross receipts for the state fiscal year; or
- (2) eighty-five million dollars (\$85,000,000).

If fifteen percent (15%) of a licensee's adjusted gross receipts for the state fiscal year exceeds the amount specified in subdivision (2), the licensee shall transfer the amount of the excess to the commission for deposit in the property tax reduction trust fund established by IC 4-35-8-2. The licensee shall adjust the transfers required under this section in the final month of the state fiscal year to comply with the requirements of this subsection.

(k) For a state fiscal year beginning after June 30, 2009, the amount of money dedicated to the purposes described in subsection (b) for a particular state fiscal year is equal to the lesser of:

- (1) fifteen percent (15%) of the licensee's adjusted gross receipts for the state fiscal year; or
- (2) the amount dedicated to the purposes described in subsection (b) in the previous state fiscal year increased by a percentage that does not exceed the percent of increase in the United States Department of Labor Consumer Price Index during the year preceding the year in which an increase is established.

If fifteen percent (15%) of a licensee's adjusted gross receipts for the state fiscal year exceeds the amount specified in subdivision (2), the licensee shall transfer the amount of the excess to the commission for deposit in the property tax reduction trust fund established by IC 4-35-8-2. The licensee shall adjust the transfers required under this section in the final month of the state fiscal year to comply with the requirements of this subsection.

Sec. 13. (a) The definitions in IC 3-5-2 apply to this section

to the extent they do not conflict with the definitions in this article.

(b) As used in this section, "candidate" refers to any of the following:

- (1) A candidate for a state office.
- (2) A candidate for a legislative office.
- (3) A candidate for a local office.

(c) As used in this section, "committee" refers to any of the following:

- (1) A candidate's committee.
- (2) A regular party committee.
- (3) A committee organized by a legislative caucus of the house of the general assembly.
- (4) A committee organized by a legislative caucus of the senate of the general assembly.

(d) Money distributed under section 12 of this chapter may not be used for any of the following purposes:

- (1) To make a contribution to a candidate or a committee.
- (2) For lobbying (as defined in IC 2-7-1-9).

Sec. 14. The commission may not prohibit a licensee from allowing pari-mutuel wagering (as defined in IC 4-31-2-12) at the facility at which gambling games are conducted under this article.

Chapter 8. Taxation of Slot Machine Wagering

Sec. 1. (a) A graduated slot machine wagering tax is imposed as follows on the adjusted gross receipts received from wagering on gambling games authorized by this article:

- (1) Twenty-five percent (25%) of the first one hundred million dollars (\$100,000,000) of adjusted gross receipts received during the period beginning July 1 of each year and ending June 30 of the following year.
- (2) Thirty percent (30%) of the adjusted gross receipts in excess of one hundred million dollars (\$100,000,000) but not exceeding two hundred million dollars (\$200,000,000) received during the period beginning July 1 of each year and ending June 30 of the following year.
- (3) Thirty-five percent (35%) of the adjusted gross receipts in excess of two hundred million dollars (\$200,000,000) received during the period beginning July 1 of each year and ending June 30 of the following year.

(b) A licensee shall remit the tax imposed by this section to the department before the close of the business day following the day the wagers are made.

(c) The department may require payment under this section to be made by electronic funds transfer (as defined in IC 4-8.1-2-7(f)).

(d) If the department requires taxes to be remitted under this chapter through electronic funds transfer, the department may allow the licensee to file a monthly report to reconcile the amounts remitted to the department.

(e) The payment of the tax under this section must be on a form prescribed by the department.

Sec. 2. (a) The property tax reduction trust fund is established.

(b) The property tax reduction trust fund shall be

administered by the treasurer of state.

(c) The treasurer of state shall invest the money in the property tax reduction trust fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

(d) Money may not be transferred, assigned, or otherwise removed from the property tax reduction trust fund by the state board of finance, the budget agency, or any other state agency.

(e) Money in the property tax reduction trust fund at the end of a state fiscal year does not revert to the state general fund.

Sec. 3. The department shall deposit tax revenue collected under section 1 of this chapter in the property tax reduction trust fund.

Sec. 4. Subject to appropriation by the general assembly, money deposited in the property tax reduction trust fund under section 3 of this chapter may be used for providing property tax relief in any manner prescribed by the general assembly.

Chapter 8.5. County Slot Machine Wagering Fee

Sec. 1. (a) Before the fifteenth day of each month, a licensee that offers slot machine wagering under this article shall pay to the commission a county slot machine wagering fee equal to three percent (3%) of the adjusted gross receipts received from slot machine wagering during the previous month at the licensee's racetrack. However, a licensee is not required to pay more than eight million dollars (\$8,000,000) of county slot machine wagering fees under this section in any state fiscal year.

(b) The commission shall deposit the county slot machine wagering fee received by the commission into a separate account within the state general fund.

Sec. 2. Before the fifteenth day of each month, the treasurer of state shall distribute any county slot machine wagering fees received from a licensee during the previous month to the county auditor of the county in which the licensee's racetrack is located.

Sec. 3. The auditor of each county receiving a distribution of county slot machine wagering fees under section 2 of this chapter shall distribute the county slot machine wagering fees as follows:

- (1) To each city located in the county according to the ratio the city's population bears to the total population of the county.
- (2) To each town located in the county according to the ratio the town's population bears to the total population of the county.
- (3) After the distributions required by subdivisions (1) and (2) are made, the remainder shall be retained by the county.

Sec. 4. (a) As used in this section, "political subdivision" means a county, city, or town.

- (b) Money paid to a political subdivision under this chapter:
- (1) must be paid to the fiscal officer of the political subdivision and must be deposited in the political subdivision's general fund;

(2) may not be used to reduce the political subdivision's maximum levy under IC 6-1.1 but may be used at the discretion of the political subdivision to reduce the property tax levy of the political subdivision for a particular year;

(3) may be used for any purpose specified in this chapter or for any other legal or corporate purpose of the political subdivision, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4; and

(4) is considered miscellaneous revenue.

Chapter 8.7. Gaming Integrity Fee

Sec. 1. As used in this chapter, "fund" means the gaming integrity fund established by section 3 of this chapter.

Sec. 2. A licensee that offers slot machine wagering under this article shall annually pay to the commission a gaming integrity fee equal to two hundred fifty thousand dollars (\$250,000) for each racetrack at which the licensee offers slot machine wagering. The commission shall deposit gaming integrity fees in the fund.

Sec. 3. (a) The gaming integrity fund is established.

(b) The fund shall be administered by the commission.

(c) The fund consists of gaming integrity fees deposited in the fund under this chapter and money distributed to the fund under IC 4-35-7-12.

(d) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

(e) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

(f) Money in the fund may be used by the commission only for the following purposes:

- (1) To pay the cost of analyzing equine specimens under IC 4-31-12-6(b).
- (2) To pay dues to the Drug Testing Standards and Practices (DTSP) Committee of the Association of Racing Commissioners International.
- (3) To provide grants for research for the advancement of equine drug testing. Grants under this subdivision must be approved by the Drug Testing Standards and Practices (DTSP) Committee of the Association of Racing Commissioners International or by the Racing Mediation and Testing Consortium.

Chapter 8.8. Problem Gambling Fees

Sec. 1. As used in this chapter, "division" refers to the division of mental health and addiction.

Sec. 2. A licensee that offers slot machine wagering at racetracks under this article shall annually pay to the division a problem gambling fee equal to five hundred thousand dollars (\$500,000) for each racetrack at which the licensee offers slot machine wagering.

Sec. 3. The division may use problem gambling fees paid to the division under this chapter only for the prevention and treatment of compulsive gambling that is related to slot machine wagering and other gambling allowed under IC 4-33.

Sec. 4. The problem gambling fees used by the division under

this chapter for the prevention and treatment of compulsive gambling are in addition to any admissions tax revenue allocated by the division under IC 4-33-12-6 for the prevention and treatment of compulsive gambling.

Chapter 8.9. Supplemental Fees

Sec. 1. This chapter applies only to state fiscal years beginning after June 30, 2007, and ending before July 1, 2012.

Sec. 2. (a) Before the fifteenth day of each month, a licensee that offers slot machine wagering under this article shall pay to the commission a supplemental fee equal to one percent (1%) of the adjusted gross receipts received by the licensee from slot machine wagering.

(b) The commission shall deposit the supplemental fees into a separate account within the state general fund.

Sec. 3. Before the fifteenth day of each month, the treasurer of state shall distribute supplemental fees received under this chapter during the previous month in equal shares to each licensed owner or operating agent that commences gambling operations with respect to:

- (1) an initial owner's license issued under IC 4-33-6; or
- (2) the initial term of an operating agent contract entered into under IC 4-33-6.5;

after June 30, 2006.

Chapter 9. Penalties

Sec. 1. This chapter applies only to gambling games authorized under this article.

Sec. 2. A person who knowingly or intentionally aids, induces, or causes a person who is:

- (1) less than twenty-one (21) years of age; and
- (2) not an employee of a licensee;

to enter or attempt to enter the licensee's slot machine facility commits a Class A misdemeanor.

Sec. 3. A person who:

- (1) is not an employee of a licensee;
- (2) is less than twenty-one (21) years of age; and
- (3) knowingly or intentionally enters the licensee's slot machine facility;

commits a Class A misdemeanor.

Sec. 4. A person who knowingly or intentionally:

- (1) makes a false statement on an application submitted under this article;
- (2) conducts a gambling game in a manner other than the manner required under this article; or
- (3) wagers or accepts a wager at a location other than a licensee's slot machine facility;

commits a Class A misdemeanor.

Sec. 5. A person who knowingly or intentionally does any of the following commits a Class D felony:

- (1) Offers, promises, or gives anything of value or benefit:
 - (A) to a person who is connected with a licensee, including an officer or employee of a licensee; and
 - (B) under an agreement to influence or with the intent to influence:
 - (i) the actions of the person to whom the offer, promise, or gift was made in order to affect or

- attempt to affect the outcome of a gambling game; or
- (ii) an official action of a commission member.

(2) Solicits, accepts, or receives a promise of anything of value or benefit:

- (A) while the person is connected with a licensee, including as an officer or employee of a licensee; and
- (B) under an agreement to influence or with the intent to influence:

- (i) the actions of the person to affect or attempt to affect the outcome of a gambling game; or
- (ii) an official action of a commission member.

(3) Uses or possesses with the intent to use a device to assist in:

- (A) projecting the outcome of a gambling game;
- (B) analyzing the probability of the occurrence of an event related to a gambling game; or
- (C) analyzing the strategy for playing or betting to be used in a gambling game, except as permitted by the commission.

(4) Cheats at a gambling game.

(5) Manufactures, sells, or distributes any game or device that is intended to be used to violate this article.

(6) Alters or misrepresents the outcome of a gambling game on which wagers have been made after the outcome is made sure but before the outcome is revealed to the players.

(7) Places a bet on the outcome of a gambling game after acquiring knowledge that:

- (A) is not available to all players; and
- (B) concerns the outcome of the gambling game that is the subject of the bet.

(8) Aids a person in acquiring the knowledge described in subdivision (7) to place a bet contingent on the outcome of a gambling game.

(9) Claims, collects, takes, or attempts to claim, collect, or take money or anything of value in or from a gambling game:

- (A) with the intent to defraud; or
- (B) without having made a wager contingent on winning a gambling game.

(10) Claims, collects, or takes an amount of money or a thing of value that is of greater value than the amount won in a gambling game.

(11) Uses or possesses counterfeit tokens in or for use in a gambling game.

(12) Possesses a key or device designed for:

- (A) opening, entering, or affecting the operation of a gambling game, a drop box, or an electronic or a mechanical device connected with the gambling game; or
- (B) removing coins, tokens, or other contents of a gambling game.

This subdivision does not apply to a licensee or an employee of a licensee acting in the course of the employee's employment.

(13) Possesses materials used to manufacture a slug or device intended to be used in a manner that violates this article.

Chapter 10. Employment

Sec. 1. (a) This section applies if a permit holder's employees are covered under the terms of a collective bargaining agreement that is in effect at the time a gambling game license is issued to the permit holder under IC 4-35-5.

(b) If a permit holder has nonsupervisory employees whose work is:

- (1) directly related to:
 - (A) pari-mutuel terminal operations; or
 - (B) money room functions associated with pari-mutuel wagering on horse racing; and
- (2) covered under the terms of a collective bargaining agreement;

the permit holder shall, subject to subsection (c), staff nonsupervisory positions directly related to the operation of gambling games under this article with employees whose work is covered under the terms of a collective bargaining agreement.

(c) The employees described in subsection (b) must be qualified to meet the licensing requirements of this article and any criteria required by the commission in rules adopted under IC 4-22-2.

Sec. 2. The job classifications, job duties, wage rates, and benefits of nonsupervisory positions related to gambling games may be established by agreement of the parties to a collective bargaining agreement or, in the absence of an agreement, by the permit holder.

Chapter 11. Minority and Women's Business Participation

Sec. 1. This chapter applies to persons holding a permit to operate a racetrack under IC 4-31-5 at which slot machines are licensed under this article.

Sec. 2. The general assembly declares that it is essential for minority and women's business enterprises to have the opportunity for full participation in the racetrack industry if minority and women's business enterprises are to obtain social and economic parity and if the economies of the cities, towns, and counties in which slot machines are operated at racetracks are to be stimulated as contemplated by this article.

Sec. 3. As used in this chapter, "minority" means a person who is one (1) of the following:

- (1) Black.
- (2) Hispanic.
- (3) Asian American.
- (4) Native American or Alaskan native.

Sec. 4. As used in this chapter, "minority business enterprise" means a business that is one (1) of the following:

- (1) A sole proprietorship owned and controlled by a minority.
- (2) A partnership or joint venture owned and controlled by minorities and in which:
 - (A) at least fifty-one percent (51%) of the ownership interest is held by at least one (1) minority; and
 - (B) the management and daily business operations are

controlled by at least one (1) minority who also holds an ownership interest.

(3) A corporation or other entity in which:

(A) at least fifty-one percent (51%) of:

- (i) the ownership interest; or
- (ii) the stock, if stock is issued;

is held by at least one (1) minority; and

(B) the management and daily business operations are controlled by at least one (1) minority who also holds an ownership interest or stock.

Sec. 5. As used in this chapter, "women's business enterprise" means a business that is one (1) of the following:

(1) A sole proprietorship owned and controlled by a woman.

(2) A partnership or joint venture owned and controlled by women and in which:

- (A) at least fifty-one percent (51%) of the ownership interest is held by at least one (1) woman; and
- (B) the management and daily business operations are controlled by at least one (1) woman who also holds an ownership interest.

(3) A corporation or other entity in which:

(A) at least fifty-one percent (51%) of:

- (i) the ownership interest; or
- (ii) the stock, if stock is issued;

is held by at least one (1) woman; and

(B) the management and daily business operations are controlled by at least one (1) woman who also holds an ownership interest or stock.

Sec. 6. (a) As used in this section, "goods and services" does not include the following:

- (1) Utilities and taxes.
- (2) Financing costs, mortgages, loans, or other debt.
- (3) Medical insurance.
- (4) Fees and payments to a parent or an affiliated company of a permit holder or other fees and payments for goods and services supplied by nonaffiliated persons through an affiliated company for the use or benefit of the permit holder.
- (5) Rents paid for real property or payments constituting the price of an interest in real property as a result of a real estate transaction.

(b) Notwithstanding any law or rule to the contrary, the commission shall establish goals for permit holders concerning contracts for goods and services with minority business enterprises and women's business enterprises. The goals under this subsection must be equal to goals set by the commission under IC 4-33-14-5 for contracts awarded for goods or services.

(c) A permit holder shall submit quarterly reports to the commission that outline the total dollar value of contracts awarded for goods and services and the percentage of contracts awarded to minority and women's business enterprises.

(d) A permit holder shall make a good faith effort to meet the requirements of this section and shall quarterly, unless otherwise directed by the commission, demonstrate to the

commission at a public meeting that an effort was made to meet the requirements.

(e) A permit holder may fulfill not more than seventy percent (70%) of an obligation under this chapter by requiring a vendor to set aside a part of a contract for minority or women's business enterprises. Upon request, the permit holder shall provide the commission with proof of the amount of the set aside.

Sec. 7. If the commission determines that the provisions of this chapter relating to expenditures and assignments to minority and women's business enterprises have not been met, the commission may suspend, limit, or revoke the person's license or permit, or may fine or impose appropriate conditions on the license or permit to ensure that the goals for expenditures and assignments to minority and women's business enterprises are met. However, if a determination is made that a permit holder has failed to demonstrate compliance with this chapter, the person has ninety (90) days from the date of the determination of noncompliance to comply.

Sec. 8. The commission shall establish and administer a unified certification procedure for minority and women's business enterprises that do business with permit holders on contracts for goods and services or contracts for business.

Sec. 9. The commission shall supply permit holders with a list of minority and women's business enterprises the commission has certified under section 8 of this chapter. The commission shall review the list at least annually to determine the minority and women's business enterprises that should continue to be certified. The commission shall establish procedures for challenging the designation of a certified minority and women's business enterprise. The procedure must include proper notice and a hearing for all concerned parties.

Sec. 10. The commission shall adopt other rules necessary to interpret and implement this chapter.

SECTION 22. IC 6-1.1-4-39.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2006 (RETROACTIVE)]: Sec. 39.5. (a) As used in this section, "qualified real property" means a riverboat (as defined in IC 4-33-2-17).

(b) Except as provided in subsection (c), the true tax value of qualified real property is the lowest valuation determined by applying each of the following appraisal approaches:

(1) Cost approach that includes an estimated reproduction or replacement cost of buildings and land improvements as of the date of valuation together with estimates of the losses in value that have taken place due to wear and tear, design and plan, or neighborhood influences using base prices determined under 50 IAC 2.3 and associated guidelines published by the department.

(2) Sales comparison approach, using data for generally comparable property, excluding values attributable to licenses, fees, or personal property as determined under 50 IAC 4.2.

(3) Income capitalization approach, using an applicable capitalization method and appropriate capitalization rates

that are developed and used in computations that lead to an indication of value commensurate with the risks for the subject property use.

(c) A township assessor is not required to appraise qualified real property using the three (3) appraisal approaches listed in subsection (b) if the township assessor and the taxpayer agree before notice of the assessment is given to the taxpayer under section 22 of this chapter to the determination of the true tax value of the property by the assessor using one (1) of those appraisal approaches.

(d) To carry out this section, the department of local government finance may adopt rules for assessors to use in gathering and processing information for the application of the income capitalization method. A taxpayer must verify under penalties for perjury any information provided to the assessor for use in the application of the income capitalization method.

SECTION 23. IC 6-8.1-1-1, AS AMENDED BY P.L.162-2006, SECTION 35, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. "Listed taxes" or "taxes" includes only the pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the riverboat admissions tax (IC 4-33-12); the riverboat wagering tax (IC 4-33-13); **the slot machine wagering tax (IC 4-35-8)**; the gross income tax (IC 6-2.1) (repealed); the utility receipts and utility services use taxes (IC 6-2.3); the state gross retail and use taxes (IC 6-2.5); the adjusted gross income tax (IC 6-3); the supplemental net income tax (IC 6-3-8) (repealed); the county adjusted gross income tax (IC 6-3.5-1.1); the county option income tax (IC 6-3.5-6); the county economic development income tax (IC 6-3.5-7); the municipal option income tax (IC 6-3.5-8); the auto rental excise tax (IC 6-6-9); the financial institutions tax (IC 6-5.5); the gasoline tax (IC 6-6-1.1); the alternative fuel permit fee (IC 6-6-2.1); the special fuel tax (IC 6-6-2.5); the motor carrier fuel tax (IC 6-6-4.1); a motor fuel tax collected under a reciprocal agreement under IC 6-8.1-3; the motor vehicle excise tax (IC 6-6-5); the commercial vehicle excise tax (IC 6-6-5.5); the hazardous waste disposal tax (IC 6-6-6.6); the cigarette tax (IC 6-7-1); the beer excise tax (IC 7.1-4-2); the liquor excise tax (IC 7.1-4-3); the wine excise tax (IC 7.1-4-4); the hard cider excise tax (IC 7.1-4-4.5); the malt excise tax (IC 7.1-4-5); the petroleum severance tax (IC 6-8-1); the various innkeeper's taxes (IC 6-9); the various food and beverage taxes (IC 6-9); the county admissions tax (IC 6-9-13 and IC 6-9-28); the oil inspection fee (IC 16-44-2); the emergency and hazardous chemical inventory form fee (IC 6-6-10); the penalties assessed for oversize vehicles (IC 9-20-3 and IC 9-30); the fees and penalties assessed for overweight vehicles (IC 9-20-4 and IC 9-30); the underground storage tank fee (IC 13-23); the solid waste management fee (IC 13-20-22); and any other tax or fee that the department is required to collect or administer.

SECTION 24. IC 7.1-3-17.5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) The commission may issue an excursion and adjacent landsite a gaming site permit to a person who has been issued:

(1) a riverboat owner's license under IC 4-33-6; or

(2) an operating agent (as defined in ~~IC 4-33-2-14.5~~) contract under IC 4-33-6.5; or

(3) a gambling game license under IC 4-35;

to sell alcoholic beverages for on-premises consumption only. The permit may be a single permit even though more than one (1) area constitutes the licensed premises of the permit.

(b) A permit issued under this chapter may be used:

- (1) on the riverboat; and
- (2) in a restaurant owned by the person who has been issued a riverboat owner's license or an operating agent contract (as defined in IC 4-33-2-14.6) if the restaurant is located on property adjacent to the property used by the riverboat for docking purposes.

SECTION 25. IC 7.1-3-17.5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. The commission shall issue ~~an excursion and adjacent landsite a gaming site~~ permit without regard to the quota provisions of IC 7.1-3-22.

SECTION 26. IC 7.1-3-17.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. ~~An excursion adjacent landsite~~ **A gaming site** permit is not subject to the fee limitations otherwise set forth in IC 7.1.

SECTION 27. IC 7.1-3-17.5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. The commission may adopt emergency rules under IC 4-22-2-37.1 concerning the following for ~~an excursion and adjacent landsite a gaming site~~ permit:

- (1) Issuance.
- (2) Scope.
- (3) Permit fee.
- (4) Expiration.
- (5) Revocation and suspension.

SECTION 28. IC 7.1-3-17.5-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. The commission may adopt rules under IC 4-22-2 concerning the following for ~~an excursion permit and an adjacent landsite a gaming site~~ permit:

- (1) Issuance.
- (2) Scope.
- (3) Permit fee.
- (4) Expiration.
- (5) Revocation and suspension.

SECTION 29. IC 7.1-3-17.5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. Notwithstanding IC 7.1-5-5-7, the holder of ~~an excursion and adjacent landsite a gaming site~~ permit may, subject to the approval of the commission, provide alcoholic beverages to guests without charge at an event on the licensed premises if all the following requirements are met:

- (1) The event is attended by not more than six hundred fifty (650) guests.
- (2) The event is not more than six (6) hours in duration.
- (3) Each alcoholic beverage dispensed to a guest:
 - (A) is entered into a cash register that records and itemizes on the cash register tape each alcoholic beverage dispensed; and
 - (B) is entered into a cash register as a sale and at the same price that is charged to the general public.
- (4) At the conclusion of the event, all alcoholic beverages

recorded on the cash register tape are paid by the holder of the ~~excursion and adjacent landsite gaming site~~ permit.

(5) All records of the alcoholic beverage sales, including the cash register tape, shall be maintained by the holder of the ~~excursion and adjacent landsite gaming site~~ permit for not less than two (2) years.

(6) The holder of the ~~excursion and adjacent landsite gaming site~~ permit complies with the rules of the commission.

SECTION 30. IC 7.1-3-17.7-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) **Except as provided in subsection (c)**, the commission may issue a horse track permit to a person who has been issued a recognized meeting permit under IC 4-31-5 to sell alcoholic beverages for on-premises consumption only. The permit may be a single permit even though more than one (1) area constitutes the licensed premises of the permit.

(b) The commission may issue a satellite facility permit to a person who has been issued a satellite facility license under IC 4-31-5.5 to sell alcoholic beverages for on-premises consumption only.

(c) This chapter does not apply to a slot machine facility licensed under IC 4-35.

SECTION 31. IC 7.1-3-21-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) The provisions of sections 4, 5, 5.2, and 5.4 of this chapter concerning retail and dealer partnerships, corporations, limited partnerships, and limited liability companies shall not apply to the issuance of:

- (1) a dining car permit;
- (2) ~~a~~ boat permit;
- (3) ~~a~~ drug store permit;
- (4) ~~a~~ grocery store permit;
- (5) ~~a~~ hotel permit;
- (6) ~~an~~ airplane permit;
- (7) ~~an excursion and adjacent landsite a gaming site~~ permit;
- (8) a horse track permit;
- (9) a satellite facility permit; or
- (10) a retail permit to an establishment:

(A) that is sufficiently served by adequate law enforcement at its permit location; and

(B) whose annual gross food sales at the permit location:

- (i) exceed one hundred thousand dollars (\$100,000); or
- (ii) in the case of a new application and as proved by the applicant to the local board and the commission, will exceed two hundred thousand dollars (\$200,000) by the end of the two (2) year period from the date of the issuance of the permit.

(b) The commission shall not issue a permit listed in subsection (a) to a foreign:

- (1) corporation;
- (2) limited partnership; or
- (3) limited liability company;

that is not duly qualified to do business in Indiana.

SECTION 32. IC 7.1-5-5-7, AS AMENDED BY P.L.224-2005, SECTION 30, IS AMENDED TO READ AS FOLLOWS

[EFFECTIVE JULY 1, 2007]: Sec. 7. (a) It is unlawful for a permittee in a sale or contract to sell alcoholic beverages to discriminate between purchasers by granting a price, discount, allowance, or service charge which is not available to all purchasers at the same time. However, this section does not authorize or require a permittee to sell to a person to whom the permittee is not authorized to sell under this title.

(b) A premises that operates at least two (2) restaurants that are separate and distinct from each other on the same premises may provide for a different schedule of prices in each restaurant if each restaurant conforms to all other laws and rules of the commission regarding pricing and price discrimination in its separate and distinct areas.

(c) This section does not apply to the holder of ~~an excursion and adjacent landsite~~ a gaming site permit that complies with IC 7.1-3-17.5-6.

(d) Notwithstanding subsection (a), a beer wholesaler may offer a special discount price to a beer dealer or beer retailer for beer or flavored malt beverage, if the beer or flavored malt beverage:

- (1) is a brand or package the beer wholesaler has discontinued; or
- (2) will expire in not more than:
 - (A) twenty (20) days for packaged beer or packaged flavored malt beverage; and
 - (B) ten (10) days for draft beer or draft flavored malt beverage.

(e) The special discount under subsection (d) only applies to beer or flavored malt beverage that will expire and be subject to removal from retailer or dealer shelves in accordance with the primary source of supply's coding data clearly identified on the container.

(f) Any beer or flavored malt beverage sold at a special discount price under subsection (d) shall be accompanied by an invoice clearly designating, in addition to all other information required by law, all the following information:

- (1) The date of delivery.
- (2) The expiration date of each brand, package type, and quantity delivered.
- (3) The per unit price for each package.

SECTION 33. IC 35-45-5-7, AS AMENDED BY P.L.91-2006, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. This chapter does not apply to the publication or broadcast of an advertisement, a list of prizes, or other information concerning:

- (1) pari-mutuel wagering on horse races or a lottery authorized by the law of any state; ~~or~~
- (2) a game of chance operated in accordance with IC 4-32.2; ~~or~~
- (3) a gambling game operated in accordance with IC 4-35.

SECTION 34. IC 35-45-5-11 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 11. This chapter does not apply to a gambling game authorized by IC 4-35.**

SECTION 35. [EFFECTIVE UPON PASSAGE] (a) If the

Indiana gaming commission determines that a permit holder (as defined in IC 4-35-2-8, as added by this act) has met the requirements of this act, the Indiana gaming commission shall adopt a resolution authorizing the permit holder to conduct gambling games under IC 4-35, as added by this act. The Indiana gaming commission may exercise any power necessary to implement this act under a resolution authorized under this SECTION.

(b) Subject to subsection (c), the Indiana gaming commission shall authorize a permit holder to conduct gambling games in a temporary facility upon the Indiana gaming commission's approval of the permit holder's plans for a permanent facility. Gambling games may be conducted in a temporary facility under this SECTION for twenty-four (24) months or for a longer time as determined by the Indiana gaming commission.

(c) The Indiana gaming commission may not approve gambling games in a temporary facility under this SECTION unless the temporary facility is located at a permit holder's race track or on real estate that is adjacent to the permit holder's race track.

(d) This SECTION expires January 1, 2010.

SECTION 36. [EFFECTIVE MARCH 1, 2006 (RETROACTIVE)] **IC 6-1.1-4-39.5, as added by this act, applies to property taxes that are first assessed after February 28, 2006, and are first due and payable after December 31, 2006.**

SECTION 37. **An emergency is declared for this act.**

(Reference is to EHB 1835 as reprinted March 27, 2007.)

Van Haften, Chair	Kenley
Whetstone	Lanane
House Conferees	Senate Conferees

Roll Call 550: yeas 33, nays 17. Report adopted.

SENATE MOTION

Madam President: I move that the Conference Committee Report #2 filed for Engrossed House Bill 1478 be made a special order of business for 11:23 p.m. on April 29, 2007.

LONG

Motion prevailed.

CONFERENCE COMMITTEE REPORTS

CONFERENCE COMMITTEE REPORT

EHB 1001-2

Madam President: Your Conference Committee appointed to confer with a like committee from the House upon Engrossed Senate Amendments to Engrossed House Bill 1001 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT concerning state and local administration and to make an appropriation.

Delete everything after the enacting clause and insert the following:

SECTION 1. [EFFECTIVE JULY 1, 2007]

(a) The following definitions apply throughout this act:

(1) "Augmentation allowed" (means the governor and the budget agency are authorized to add to an appropriation in this act from revenues accruing to the fund from which the appropriation was made.

(2) "Biennium" means the period beginning July 1, 2007, and ending June 30, 2009. Appropriations appearing in the biennial column for construction or other permanent improvements do not revert under IC 4-13-2-19 and may be allotted.

(3) "Deficiency appropriation" or "special claim" means an appropriation available during the 2006-2007 fiscal year.

(4) "Equipment" includes machinery, implements, tools, furniture, furnishings, vehicles, and other articles that have a calculable period of service that exceeds twelve (12) calendar months.

(5) "Fee replacement" includes payments to universities to be used to pay indebtedness resulting from financing the cost of planning, purchasing, rehabilitation, construction, repair, leasing, lease-purchasing, or otherwise acquiring land, buildings, facilities, and equipment to be used for academic and instructional purposes.

(6) "Federally qualified health center" means a community health center that is designated by the Health Resources Services Administration, Bureau of Primary Health Care, as a Federally Qualified Health Center Look Alike under the FED 330 Consolidated Health Center Program authorization, including Community Health Center (330e), Migrant Health Center (330g), Health Care for the Homeless (330h), Public Housing Primary Care (330i), and School Based Health Centers (330).

(7) "Other operating expense" includes payments for "services other than personal", "services by contract", "supplies, materials, and parts", "grants, subsidies, refunds, and awards", "in-state travel", "out-of-state travel", and "equipment".

(8) "Pension fund contributions" means the state of Indiana's contributions to a specific retirement fund.

(9) "Personal services" includes payments for salaries and wages to officers and employees of the state (either regular or temporary), payments for compensation awards, and the employer's share of Social Security, health insurance, life insurance, dental insurance, vision insurance, deferred compensation - state match, leave conversion, disability, and retirement fund contributions.

(10) "SSBG" means the Social Services Block Grant. (This was formerly referred to as "Title XX".

(11) "State agency" means:

(A) each office, officer, board, commission, department, division, bureau, committee, fund, agency, authority, council, or other instrumentality of the state;

(B) each hospital, penal institution, and other institutional enterprise of the state;

(C) the judicial department of the state; and

(D) the legislative department of the state.

However, this term does not include cities, towns, townships, school cities, school townships, school districts, other municipal corporations or political subdivisions of the state, or universities and colleges supported in whole or in part by state funds.

(12) "State funded community health center" means a public or private not for profit (501(c)(3)) organization that provides comprehensive primary health care services to all age groups.

(13) "Total operating expense" includes payments for both "personal services" and "other operating expense".

(b) The state board of finance may authorize advances to boards or persons having control of the funds of any institution or department of the state of a sum of money out of any appropriation available at such time for the purpose of establishing working capital to provide for payment of expenses in the case of emergency when immediate payment is necessary or expedient. (Advance payments shall be made by warrant by the auditor of state, and properly itemized and receipted bills or invoices shall be filed by the board or persons receiving the advance payments.

(c) All money appropriated by this act shall be considered either a direct appropriation or an appropriation from a rotary or revolving fund.

(1) Direct appropriations are subject to withdrawal from the state treasury and for expenditure for such purposes, at such time, and in such manner as may be prescribed by law. (Direct appropriations are not subject to return and rewithdrawal from the state treasury, except for the correction of an error which may have occurred in any transaction or for reimbursement of expenditures which have occurred in the same fiscal year.

(2) A rotary or revolving fund is any designated part of a fund that is set apart as working capital in a manner prescribed by law and devoted to a specific purpose or purposes. The fund consists of earnings and income only from certain sources or a combination thereof. The money in the fund shall be used for the purpose designated by law as working capital. The fund at any time consists of the original appropriation thereto, if any, all receipts accrued to the fund, and all money withdrawn from the fund and invested or to be invested. The fund shall be kept intact by separate entries in the auditor of state's office, and no part thereof shall be used for any purpose other than the lawful purpose of the fund or revert to any other fund at any time. However, any unencumbered excess above any prescribed amount shall be transferred to the state general fund at the close of each fiscal year unless otherwise specified in the Indiana Code.

SECTION 2. [EFFECTIVE JULY 1, 2007]

For the conduct of state government, its offices, funds, boards, commissions, departments, societies, associations, services, agencies, and undertakings, and for other appropriations not otherwise provided by statute, the following sums in SECTIONS 3 through 10 are appropriated for the periods of time designated from the general fund of the state of Indiana or other specifically designated funds.

In this act, whenever there is no specific fund or account designated, the appropriation is from the general fund.

SECTION 3. [EFFECTIVE JULY 1, 2007]

GENERAL GOVERNMENT

A. LEGISLATIVE

**FOR THE
 GENERAL ASSEMBLY
 LEGISLATORS'**

SALARIES - HOUSE

Total Operating Expense	4,203,191	4,870,227
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HOUSE EXPENSES

Total Operating Expense	9,936,755	10,097,001
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LEGISLATORS'

SALARIES - SENATE

Total Operating Expense	1,571,845	1,596,366
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SENATE EXPENSES

Total Operating Expense	9,833,000	10,905,931
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Included in the above appropriations for house and senate expenses are funds for a legislative business per diem allowance, meals, and other usual and customary expenses associated with legislative affairs. Except as provided below, this allowance is to be paid to each member of the general assembly for every day, including Sundays, during which the general assembly is convened in regular or special session, commencing with the day the session is officially convened and concluding with the day the session is adjourned sine die. However, after five (5) consecutive days of recess, the legislative business per diem allowance is to be made on an individual voucher basis until the recess concludes.

Members of the general assembly are entitled, when authorized by the speaker of the house or the president pro tempore of the senate, to the legislative business per diem allowance for each and every day engaged in official business.

The legislative business per diem allowance that each member of the general assembly is entitled to receive equals the maximum daily amount allowable to employees of the

executive branch of the federal government for subsistence expenses while away from home in travel status in the Indianapolis area. The legislative business per diem changes each time there is a change in that maximum daily amount.

In addition to the legislative business per diem allowance, each member of the general assembly shall receive the mileage allowance in an amount equal to the standard mileage rates for personally owned transportation equipment established by the federal Internal Revenue Service for each mile necessarily traveled from the member's usual place of residence to the state capitol. However, if the member traveled by a means other than by motor vehicle, and the member's usual place of residence is more than one hundred (100) miles from the state capitol, the member is entitled to reimbursement in an amount equal to the lowest air travel cost incurred in traveling from the usual place of residence to the state capitol. During the period the general assembly is convened in regular or special session, the mileage allowance shall be limited to one (1) round trip each week per member.

Any member of the general assembly who is appointed, by the governor, speaker of the house, president or president pro tempore of the senate, house or senate minority floor leader, or Indiana legislative council to serve on any research, study, or survey committee or commission, or who attends any meetings authorized or convened under the auspices of the Indiana legislative council, including pre-session conferences and federal-state relations conferences, is entitled, when authorized by the legislative council, to receive the legislative business per diem allowance for each day in actual attendance and is also entitled to a mileage allowance, at the rate specified above, for each mile necessarily traveled from the member's usual place of residence to the state capitol, or other in-state site of the committee, commission, or conference. The per diem allowance and the mileage allowance permitted under this paragraph shall be paid from the legislative council appropriation for legislator and lay member travel unless the member is attending an out-of-state meeting, as authorized by the speaker of the house of representatives or the president pro tempore of the senate, in which case the member is entitled to receive:

- (1) the legislative business per diem allowance for each day the member is engaged in approved out-of-state travel; and
- (2) reimbursement for traveling expenses actually incurred in connection with the member's duties, as provided in the state travel policies and procedures established by the legislative council.

Notwithstanding the provisions of this or any other statute, the legislative council may adopt, by resolution, travel policies and procedures that apply only to members of the general assembly or to the staffs of the house of representatives, senate, and legislative services agency, or both members and staffs. The

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Appro. *Appro.* *Appro.*

FY 2007-08 FY 2008-09 Biennial
Appro. *Appro.* *Appro.*

legislative council may apply these travel policies and procedures to lay members serving on research, study, or survey committees or commissions that are under the jurisdiction of the legislative council. Notwithstanding any other law, rule, or policy, the state travel policies and procedures established by the Indiana department of administration and approved by the budget agency do not apply to members of the general assembly, to the staffs of the house of representatives, senate, or legislative services agency, or to lay members serving on research, study, or survey committees or commissions under the jurisdiction of the legislative council (if the legislative council applies its travel policies and procedures to lay members under the authority of this SECTION), except that, until the legislative council adopts travel policies and procedures, the state travel policies and procedures established by the Indiana department of administration and approved by the budget agency apply to members of the general assembly, to the staffs of the house of representatives, senate, and legislative services agency, and to lay members serving on research, study, or survey committees or commissions under the jurisdiction of the legislative council. The executive director of the legislative services agency is responsible for the administration of travel policies and procedures adopted by the legislative council. The auditor of state shall approve and process claims for reimbursement of travel related expenses under this paragraph based upon the written affirmation of the speaker of the house of representatives, the president pro tempore of the senate, or the executive director of the legislative services agency that those claims comply with the travel policies and procedures adopted by the legislative council. If the funds appropriated for the house and senate expenses and legislative salaries are insufficient to pay all the necessary expenses incurred, including the cost of printing the journals of the house and senate, there is appropriated such further sums as may be necessary to pay such expenses.

**LEGISLATORS'
 SUBSISTENCE
 LEGISLATORS'
 EXPENSES - HOUSE**

Total Operating Expense 2,455,520 2,432,543

**LEGISLATORS'
 EXPENSES - SENATE**

Total Operating Expense 1,200,000 1,150,000

Each member of the general assembly is entitled to a subsistence allowance of forty percent (40%) of the maximum daily amount allowable to employees of the executive branch of the federal government for subsistence expenses while away from home in travel status in the Indianapolis area:

(1) each day that the general assembly is not convened in regular or special session; and

(2) each day after the first session day held in November and before the first session day held in January.

However, the subsistence allowance under subdivision (2) may not be paid with respect to any day after the first session day held in November and before the first session day held in January with respect to which all members of the general assembly are entitled to a legislative business per diem.

The subsistence allowance is payable from the appropriations for legislators' subsistence.

The officers of the senate are entitled to the following amounts annually in addition to the subsistence allowance: president pro tempore, \$7,000; assistant president pro tempore, \$3,000; majority floor leader, \$5,500; assistant majority floor leader, \$3,500; majority caucus chair, \$5,500; assistant majority caucus chair, \$1,500; appropriations committee chair, \$5,500; tax and fiscal policy committee chair, \$5,500; appropriations committee ranking majority member, \$2,000; tax and fiscal policy committee ranking majority member, \$2,000; majority whip, \$4,000; assistant majority whip, \$2,000; minority floor leader, \$6,000; minority leader pro tempore emeritus, \$1,500; minority caucus chair, \$5,000; minority assistant floor leader, \$5,000; appropriations committee ranking minority member, \$2,000; tax and fiscal policy committee ranking minority member, \$2,000; minority whip, \$3,000; assistant minority whip, \$1,000; assistant minority caucus chair, \$1,000; agriculture and small business committee chair, \$1,000; commerce, public policy, and interstate cooperation committee chair, \$1,000; corrections, criminal, and civil matters committee chair, \$1,000; energy and environmental affairs committee chair, \$1,000; pensions and labor committee chair, \$1,000; health and provider services committee chair, \$1,000; insurance and financial institutions committee chair, \$1,000; and natural resources committee chair, \$1,000.

Officers of the house of representatives are entitled to the following amounts annually in addition to the subsistence allowance: speaker of the house, \$6,500; speaker pro tempore, \$5,000; deputy speaker pro tempore, \$1,500; majority leader, \$5,000; majority caucus chair, \$5,000; assistant majority caucus chair, \$1,000; ways and means committee chair, \$5,000; ways and means committee ranking majority member, \$3,000; ways and means committee, chairman of the education subcommittee, \$1,500; speaker pro tempore emeritus, \$1,500; budget subcommittee chair, \$3,000; majority whip, \$3,500; assistant majority whip, \$1,000; assistant majority leader, \$1,000; minority leader, \$5,500; minority caucus chair, \$4,500; ways and means committee ranking minority member, \$3,500; minority whip, \$2,500; assistant minority leader, \$4,500; second assistant minority leader, \$1,500; and deputy assistant minority leader, \$1,000.

April 29, 2007

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Appro. Appro. Appro.

Senate 1721
FY 2007-08 FY 2008-09 Biennial
Appro. Appro. Appro.

If the senate or house of representatives eliminates a committee or officer referenced in this SECTION and replaces the committee or officer with a new committee or position, the foregoing appropriations for subsistence shall be used to pay for the new committee or officer. However, this does not permit any additional amounts to be paid under this SECTION for a replacement committee or officer than would have been spent for the eliminated committee or officer. If the senate or house of representatives creates a new additional committee or officer, or assigns additional duties to an existing officer, the foregoing appropriations for subsistence shall be used to pay for the new committee or officer, or to adjust the annual payments made to the existing officer, in amounts determined by the legislative council.

If the funds appropriated for legislators' subsistence are insufficient to pay all the subsistence incurred, there are hereby appropriated such further sums as may be necessary to pay such subsistence.

**FOR THE LEGISLATIVE
COUNCIL AND
THE LEGISLATIVE
SERVICES AGENCY**

Total Operating Expense	9,244,000	9,605,000
LEGISLATOR AND LAY MEMBER TRAVEL		
Total Operating Expense	610,000	635,000

Included in the above appropriations for the legislative council and legislative services agency expenses are funds for usual and customary expenses associated with legislative services.

If the funds above appropriated for the legislative council and the legislative services agency and legislator and lay member travel are insufficient to pay all the necessary expenses incurred, there are hereby appropriated such further sums as may be necessary to pay those expenses.

Any person other than a member of the general assembly who is appointed by the governor, speaker of the house, president or president pro tempore of the senate, house or senate minority floor leader, or legislative council to serve on any research, study, or survey committee or commission is entitled, when authorized by the legislative council, to a per diem instead of subsistence of \$75 per day during the 2007-2009 biennium. In addition to the per diem, such a person is entitled to mileage reimbursement, at the rate specified for members of the general assembly, for each mile necessarily traveled from the person's usual place of residence to the state capitol or other in-state site of the committee, commission, or conference. However, reimbursement for any out-of-state travel expenses claimed by lay members serving on research, study, or survey

committees or commissions under the jurisdiction of the legislative council shall be based on SECTION 14 of this act, until the legislative council applies those travel policies and procedures that govern legislators and their staffs to such lay members as authorized elsewhere in this SECTION. The allowance and reimbursement permitted in this paragraph shall be paid from the legislative council appropriations for legislative and lay member travel unless otherwise provided for by a specific appropriation.

**CENTER FOR
EVALUATION &
EDUCATION POLICY
STUDY OF
CHARTER SCHOOLS**

Total Operating Expense	100,000
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**LEGISLATIVE COUNCIL
CONTINGENCY FUND**

Total Operating Expense	223,614
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Disbursements from the fund may be made only for purposes approved by the chairman and vice chairman of the legislative council.

The legislative services agency shall charge the following fees, unless the legislative council sets these or other fees at different rates:

Annual subscription to the session document service for sessions ending in odd-numbered years: \$900

Annual subscription to the session document service for sessions ending in even-numbered years: \$500

Per page charge for copies of legislative documents: \$0.15

Annual charge for interim calendar: \$10

Daily charge for the journal of either house: \$2

**PRINTING AND
DISTRIBUTION**

Total Operating Expense	872,000	905,000
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The above funds are appropriated for the printing and distribution of documents published by the legislative council. These documents include journals, bills, resolutions, enrolled documents, the acts of the first and second regular sessions of the 115th general assembly, the supplements to the Indiana Code for fiscal years 2007-2008 and 2008-2009, and the publication of the Indiana Administrative Code and the Indiana Register. Upon completion of the distribution of the

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Acts and the supplements to the Indiana Code, as provided in IC 2-6-1.5, remaining copies may be sold at a price or prices periodically determined by the legislative council. If the above appropriations for the printing and distribution of documents published by the legislative council are insufficient to pay all of the necessary expenses incurred, there are hereby appropriated such sums as may be necessary to pay such expenses.

COUNCIL OF STATE GOVERNMENTS ANNUAL DUES		
Other Operating Expense	138,408	143,944
NATIONAL CONFERENCE OF STATE LEGISLATURES ANNUAL DUES		
Other Operating Expense	176,357	190,337
NATIONAL CONFERENCE OF INSURANCE LEGISLATORS ANNUAL DUES		
Other Operating Expense	10,000	10,000
NATIONAL CONFERENCE OF STATE LEGISLATURES ANNUAL TRAINING SEMINAR		
Total Operating Expense		45,000
FOR THE INDIANA LOBBY REGISTRATION COMMISSION		
Total Operating Expense	257,900	271,910
FOR THE PUBLIC EMPLOYEES' RETIREMENT FUND LEGISLATORS' RETIREMENT FUND		
Total Operating Expense	100,000	100,000

B. JUDICIAL

FOR THE SUPREME COURT		
Personal Services	7,403,027	7,664,269
Other Operating Expense	2,232,192	2,251,965

The above appropriation for the supreme court personal services includes the subsistence allowance as provided by IC 33-38-5-8.

LOCAL JUDGES' SALARIES		
Personal Services	50,674,246	50,812,798
Other Operating Expense	39,000	39,000
COUNTY PROSECUTORS' SALARIES		
Personal Services	23,821,199	23,821,199
Other Operating Expense	31,000	31,000

The above appropriations for county prosecutors' salaries represent the amounts authorized by IC 33-39-6-5 and that are to be paid from the state general fund.

In addition to the appropriations for local judges' salaries and for county prosecutors' salaries, there are hereby appropriated for personal services the amounts that the state is required to pay for salary changes or for additional courts created by the 115th general assembly.

JUDICIAL BRANCH INSURANCE ADJUSTMENT		
Total Operating Expense	0	400,000
TRIAL COURT OPERATIONS		
Total Operating Expense	591,575	596,075
INDIANA CONFERENCE FOR LEGAL EDUCATION OPPORTUNITY		
Total Operating Expense	778,750	778,750

The above funds are appropriated to the division of state court administration in compliance with the provisions of IC 33-24-13-7.

PUBLIC DEFENDER COMMISSION		
Total Operating Expense	9,100,000	9,850,000

The above appropriation is made in addition to the distribution authorized by IC 33-37-7-9(c) for the purpose of reimbursing counties for indigent defense services provided to a defendant. The division of state court administration of the supreme court of Indiana shall provide staff support to the commission and shall administer the public defense fund. The administrative costs may come from the public defense fund. Any balance in the public defense fund is appropriated to the public defender commission.

GUARDIAN AD LITEM		
Total Operating Expense	2,920,248	2,970,248

The division of state court administration shall use the

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<i>FY 2007-08</i>	<i>FY 2008-09</i>	<i>Biennial</i>
<i>Appro.</i>	<i>Appro.</i>	<i>Appro.</i>

foregoing appropriation to administer an office of guardian ad litem and court appointed special advocate services and to provide matching funds to counties that are required to implement, in courts with juvenile jurisdiction, a guardian ad litem and court appointed special advocate program for children who are alleged to be victims of child abuse or neglect under IC 31-33 and to administer the program. A county may use these matching funds to supplement amounts collected as fees under IC 31-40-3 to be used for the operation of guardian ad litem and court appointed special advocate programs. The county fiscal body shall appropriate adequate funds for the county to be eligible for these matching funds.

CIVIL LEGAL AID

Total Operating Expense	1,500,000	1,500,000
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The above funds are appropriated to the division of state court administration in compliance with the provisions of IC 33-24-12-7.

SPECIAL JUDGES - COUNTY COURTS

Personal Services	15,000	15,000
Other Operating Expense	134,000	134,000

If the funds appropriated above for special judges of county courts are insufficient to pay all of the necessary expenses that the state is required to pay under IC 34-35-1-4, there are hereby appropriated such further sums as may be necessary to pay these expenses.

COMMISSION ON RACE AND GENDER FAIRNESS

Total Operating Expense	370,996	380,996
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FOR THE COURT OF APPEALS

Personal Services	8,902,011	9,141,271
Other Operating Expense	1,467,625	1,249,470

The above appropriations for the court of appeals personal services include the subsistence allowance provided by IC 33-38-5-8.

FOR THE TAX COURT

Personal Services	516,747	529,050
Other Operating Expense	128,927	143,963

FOR THE JUDICIAL CENTER

Personal Services	1,703,245	1,833,579
Other Operating Expense	1,238,337	1,240,419

The above appropriations for the judicial center include the appropriations for the judicial conference.

DRUG AND ALCOHOL PROGRAMS FUND

Total Operating Expense	299,010	299,010
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The above funds are appropriated under IC 33-37-7-9 for the purpose of administering, certifying, and supporting alcohol and drug services programs under IC 12-23-14. However, if the receipts are less than the appropriation, the center may not spend more than is collected.

INTERSTATE COMPACT FOR ADULT OFFENDER SUPERVISION

Total Operating Expense	200,000	200,000
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FOR THE PUBLIC DEFENDER

Personal Services	5,941,901	6,179,783
Other Operating Expense	985,133	985,133

FOR THE PUBLIC DEFENDER COUNCIL

Personal Services	942,195	943,779
Other Operating Expense	436,315	420,318

FOR THE PROSECUTING ATTORNEYS' COUNCIL

Personal Services	622,639	623,828
Other Operating Expense	591,448	591,448

DRUG PROSECUTION Drug Prosecution Fund (IC 33-39-8-6)

Total Operating Expense	103,436	103,436
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Augmentation allowed.

FOR THE PUBLIC EMPLOYEES' RETIREMENT FUND JUDGES' RETIREMENT FUND

Other Operating Expense	10,753,661	11,708,522
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PROSECUTORS' RETIREMENT FUND

Other Operating Expense	170,000	170,000
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C. EXECUTIVE

FOR THE GOVERNOR'S OFFICE

Personal Services	2,002,085	2,002,085
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	<i>FY 2007-08</i>	<i>FY 2008-09</i>	<i>Biennial</i>		<i>FY 2007-08</i>	<i>FY 2008-09</i>	<i>Biennial</i>
	<i>Appro.</i>	<i>Appro.</i>	<i>Appro.</i>		<i>Appro.</i>	<i>Appro.</i>	<i>Appro.</i>
Other Operating Expense	375,000	375,000			515,935	515,935	
GOVERNOR'S RESIDENCE				Augmentation allowed.			
Total Operating Expense	148,724	148,724		From the Victims' Assistance			
GOVERNOR'S CONTINGENCY FUND				Address Confidentiality			
Total Operating Expense		170,000		Fund (IC 5-2-6-14)	59,929	59,929	
Direct disbursements from the above contingency fund are not subject to the provisions of IC 5-22.				Augmentation allowed.			
GOVERNOR'S FELLOWSHIP PROGRAM				From the Consumer Fees			
Total Operating Expense	250,045	250,045		and Settlements Fund	148,228	148,228	
FOR THE WASHINGTON LIAISON OFFICE				(IC 24-4.7-3-6)			
Total Operating Expense	150,000	150,000		Augmentation allowed.			
FOR THE LIEUTENANT GOVERNOR				From the Real Estate			
Personal Services	1,780,280	1,780,280		Appraiser Licensing Fund	68,174	68,174	
Other Operating Expense	724,410	724,410		(IC 25-34.1-8-7)			
CONTINGENCY FUND				Augmentation allowed.			
Total Operating Expense		34,626		From the Tobacco Master			
Direct disbursements from the above contingency fund are not subject to the provisions of IC 5-22.				Settlement Agreement	494,467	494,467	
FOR THE SECRETARY OF STATE ADMINISTRATION				Fund (IC 4-12-1-14.3)			
Personal Services	2,148,297	2,148,297		Augmentation allowed.			
Other Operating Expense	255,919	255,919		From the Abandoned Property			
FOR THE ATTORNEY GENERAL				Fund (IC 32-34-1-33)	216,303	216,303	
From the General Fund	14,463,506	14,463,506		Augmentation allowed.			
From the Homeowner Protection Fund (IC 4-6-12-9)				The amounts specified from the general fund, homeowner protection fund, motor vehicle odometer fund, medicaid fraud control unit fund, victims' assistance address confidentiality fund, consumer fees and settlements fund, real estate appraisers licensing fund, tobacco master settlement fund, and abandoned property fund are for the following purposes:			
Augmentation allowed.				Personal Services	15,530,898	15,530,898	
From the Motor Vehicle Odometer Fund (IC 9-29-1-5)				Other Operating Expense	1,171,041	1,171,041	
Augmentation allowed.				HOMEOWNER PROTECTION UNIT (IC 4-6-12-9)			
From the Medicaid Fraud Control Unit Fund (IC 4-6-10-1)				Total Operating Expense	63,391	63,391	
	81,350	81,350		MEDICAID FRAUD UNIT			
				Total Operating Expense	829,789	829,789	
				The above appropriations to the Medicaid fraud unit are the state's matching share of the state Medicaid fraud control unit under IC 4-6-10 as prescribed by 42 U.S.C. 1396b(q). Augmentation allowed from collections.			
				UNCLAIMED PROPERTY Abandoned Property Fund (IC 32-34-1-33)			
				Personal Services	1,317,228	1,317,228	

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Other Operating Expense 3,172,360 3,172,360
Augmentation allowed.

Total Operating Expense 0 2,000,000

**D. FINANCIAL
MANAGEMENT**

**FOR THE AUDITOR
OF STATE**

Personal Services 4,587,218 4,587,218
Other Operating Expense 1,388,632 1,388,632

**GOVERNORS' AND
GOVERNORS'
SURVIVING SPOUSES'
PENSIONS**

Total Operating Expense 123,500 123,500

The above appropriations for governors' and governors'
surviving spouses' pensions are made under IC 4-3-3.

**FOR THE STATE BOARD
OF ACCOUNTS**

Personal Services 20,798,302 20,798,302
Other Operating Expense 1,340,277 1,340,277

GOVERNOR ELECT

Total Operating Expense 0 40,000

**FOR THE STATE
BUDGET COMMITTEE**

Total Operating Expense 60,000 60,000

Notwithstanding IC 4-12-1-11(b), the salary per diem of the
legislative members of the budget committee is an amount
equal to one hundred fifty percent (150%) of the legislative
business per diem allowance. If the above appropriations are
insufficient to carry out the necessary operations of the budget
committee, there are hereby appropriated such further sums
as may be necessary.

**FOR THE OFFICE
OF MANAGEMENT
AND BUDGET**

Personal Services 1,192,305 1,192,305
Other Operating Expense 65,958 65,958

**FOR THE STATE
BUDGET AGENCY**

Personal Services 3,118,097 3,118,097
Other Operating Expense 512,409 512,409

**STATEWIDE
INFORMATION
TECHNOLOGY
PROJECTS**

**BUILD INDIANA FUND
ADMINISTRATION**

**Build Indiana Fund
(IC 4-30-17)**

Other Operating Expense 1 1
Augmentation Allowed.

**DEPARTMENTAL AND
INSTITUTIONAL**

**EMERGENCY
CONTINGENCY FUND**

Total Operating Expense 10,000,000

The foregoing departmental and institutional emergency
contingency fund appropriation is subject to allotment to
departments, institutions, and all state agencies by the budget
agency with the approval of the governor. These allocations
may be made upon written request of proper officials, showing
that contingencies exist that require additional funds for
meeting necessary expenses. The budget committee shall be
advised of each transfer request and allotment.

**OUTSIDE BILLS
CONTINGENCY**

Total Operating Expense 1

**PERSONAL SERVICES/
FRINGE BENEFITS
CONTINGENCY FUND**

Total Operating Expense 89,000,000

The foregoing personal services/fringe benefits contingency
fund appropriation is subject to allotment to departments,
institutions, and all state agencies by the budget agency with
the approval of the governor.

The foregoing personal services/fringe benefits contingency
fund appropriation may only be used for salary increases,
fringe benefit increases, an employee leave conversion
program, or a state retiree health program for state employees
and may not be used for any other purpose.

The foregoing personal services/fringe benefits contingency
fund appropriation does not revert at the end of the biennium
but remains in the personal services/fringe benefits
contingency fund.

**STATE RETIREE
HEALTH PLAN**

Total Operating Expense 46,000,000

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Personal Services 1,538,712 1,538,712
Other Operating Expense 4,354,961 4,354,961
Augmentation allowed from the Motor Carrier Regulation Fund.

**MOTOR FUEL TAX
DIVISION**

Motor Vehicle Highway
Account (IC 8-14-1)
Personal Services 8,772,328 8,772,328
Other Operating Expense 1,625,300 1,625,300
Augmentation allowed from the Motor Vehicle Highway Account.

In addition to the foregoing appropriations, there is hereby appropriated to the department of revenue motor fuel tax division an amount sufficient to pay claims for refunds on license-fee-exempt motor vehicle fuel as provided by law. The sums above appropriated from the motor vehicle highway account for the operation of the motor fuel tax division, together with all refunds for license-fee-exempt motor vehicle fuel, shall be paid from the receipts of those license fees before they are distributed as provided by IC 6-6-1.1.

**FOR THE INDIANA
GAMING COMMISSION**

State Gaming Fund
(IC 4-33-13-3)

3,463,789 3,463,789

Gaming Investigations

525,000 525,000

State Gambling
Enforcement
Fund (IC 4-33.5-4)

499,992 499,992

The amounts specified from the state gaming fund, gaming investigations, and state gambling enforcement fund are for the following purposes:

Personal Services 3,535,621 3,535,621
Other Operating Expense 953,160 953,160

The foregoing appropriations to the Indiana gaming commission are made from revenues accruing to the state gaming fund under IC 4-33-13-3 before any distribution is made under IC 4-33-13-5.

Augmentation allowed.

The foregoing appropriations to the Indiana gaming commission are made instead of the appropriation made in IC 4-33-13-4.

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**FOR THE INDIANA
DEPARTMENT OF
GAMING RESEARCH**

Personal Services 118,297 118,297
Other Operating Expense 127,993 127,993
Augmentation allowed from fees accruing under IC 4-33-18-8.

**FOR THE INDIANA HORSE
RACING COMMISSION**

Indiana Horse Racing
Commission Operating
Fund (IC 4-31-10-2)
Personal Services 2,192,335 2,192,335
Other Operating Expense 673,974 673,974

The foregoing appropriations to the Indiana horse racing commission are made from revenues accruing to the Indiana horse racing commission before any distribution is made under IC 4-31-9. Retroactive to July 1, 2005.

Augmentation allowed.

**STANDARD BRED
ADVISORY BOARD**

Standardbred Horse
Fund (IC 15-5-5.5-9.5)
Total Operating Expense 193,500 193,500

The foregoing appropriations to the standardbred board of regulation are made from revenues accruing to the Indiana horse racing commission before any distribution is made under IC 4-31-9. Retroactive to July 1, 2005.

Augmentation allowed.

**STANDARD BRED BREED
DEVELOPMENT FUND**

Standardbred Horse
Fund (IC 15-5-5.5-9.5)
Total Operating Expense 3,963,811 3,963,811
Augmentation allowed.

**THOROUGHBRED BREED
DEVELOPMENT FUND**

Standardbred Horse
Fund (IC 15-5-5.5-9.5)
Total Operating Expense 2,686,139 2,686,139
Augmentation allowed.

**QUARTER HORSE BREED
DEVELOPMENT FUND**

Standardbred Horse Fund
(IC 15-5-5.5-9.5)
Total Operating Expense 233,155 233,155
Augmentation allowed.

FINGERPRINT FEES

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**Standardbred Horse Fund
 (IC 15-5-5.5-9.5)**

Total Operating Expense 67,558 67,558
Augmentation allowed.

**FOR THE OFFICE
 OF TECHNOLOGY**

Pay Phone Fund
Total Operating Expense 2,490,000 2,490,000
Augmentation allowed.

**FOR THE DEPARTMENT
 OF LOCAL
 GOVERNMENT
 FINANCE**

Personal Services 3,824,801 3,824,801
Other Operating Expense 835,679 835,679

The pay phone fund is established for the procurement of hardware, software, and related equipment and services needed to expand and enhance the state campus backbone and other central information technology initiatives. Such procurements may include, but are not limited to, wiring and rewiring of state offices, Internet services, video conferencing, telecommunications, application software, and related services. The fund consists of the net proceeds received from contracts with companies providing phone services at state institutions and other state properties. The fund shall be administered by the budget agency. Money in the fund may be spent by the office in compliance with a plan approved by the budget agency. Any money remaining in the fund at the end of any fiscal year does not revert to the general fund or any other fund but remains in the pay phone fund.

From the above appropriations for the department of local government finance, travel subsistence and mileage allowances may be paid for members of the local government tax control board created by IC 6-1.1-18.5-11 and the state school property tax control board created by IC 6-1.1-19-4.1, under state travel regulations.

**CIRCUIT BREAKER RELIEF
 APPEAL BOARD**

Total Operating Expense 100,000 100,000

**FOR THE COMMISSION
 ON PUBLIC RECORDS**

Personal Services 1,432,151 1,432,151
Other Operating Expense 132,099 132,099

**FOR THE INDIANA BOARD
 OF TAX REVIEW**

Personal Services 1,280,166 1,280,166
Other Operating Expense 102,960 102,960
 Augmentation allowed from fee increases enacted by P.L.245-2003 and reimbursements from any county under IC 6-1.1-4-34(f), regardless of when the fees or reimbursements were received.

**FOR THE OFFICE OF
 THE PUBLIC ACCESS
 COUNSELOR**

Personal Services 144,841 144,841
Other Operating Expense 6,004 6,004

F. ADMINISTRATION

G. OTHER

**FOR THE DEPARTMENT
 OF ADMINISTRATION**

Personal Services 12,418,473 12,418,473
Other Operating Expense 14,070,807 13,863,207

**FOR THE COMMISSION
 ON UNIFORM
 STATE LAWS**

Total Operating Expense 43,584 43,584

**FOR THE STATE
 PERSONNEL
 DEPARTMENT**

Personal Services 6,761,767 6,761,767
Other Operating Expense 623,200 623,200

**FOR THE OFFICE OF
 INSPECTOR GENERAL**

Personal Services 1,121,264 1,121,074
Other Operating Expense 237,941 237,941

The state must provide a variety of healthcare plan options and not restrict employees to health savings account plans.

**STATE ETHICS
 COMMISSION**

Personal Services 260,816 261,006
Other Operating Expense 2,596 2,596

**FOR THE STATE
 EMPLOYEES APPEALS
 COMMISSION**

Personal Services 163,650 163,650
Other Operating Expense 16,089 16,089

**FOR THE SECRETARY
 OF STATE
 ELECTION DIVISION**

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	<i>FY 2007-08 Appro.</i>	<i>FY 2008-09 Appro.</i>	<i>Biennial Appro.</i>
Personal Services	676,031	698,959	
Other Operating Expense	598,793	598,793	
VOTER REGISTRATION AND PROCEDURES			
Total Operating Expense	129,920	0	
VOTER LIST MAINTENANCE			
Total Operating Expense	112,500	112,500	

H. COMMUNITY SERVICES

FOR THE GOVERNOR'S OFFICE OF FAITH BASED & COMMUNITY INITIATIVES			
Personal Services	244,064	244,064	
Other Operating Expense	71,488	71,488	

SECTION 4. [EFFECTIVE JULY 1, 2007]

PUBLIC SAFETY

A. CORRECTION

FOR THE DEPARTMENT OF CORRECTION CENTRAL OFFICE			
Personal Services	15,691,462	15,691,462	
Other Operating Expense	6,652,175	6,652,175	

The above appropriations for central office include \$75,000 each year for the juvenile justice task force.

The above appropriation includes funds to provide a salary increase for custody staff of approximately 4% beginning in fiscal year 2008. In addition, any money that is derived from the Arizona inmates custody project at New Castle is to be deposited in the state general fund and go towards offsetting the appropriation to the department of corrections food services contract.

ESCAPEE COUNSEL AND TRIAL EXPENSE			
Other Operating Expense	198,000	198,000	
COUNTY JAIL MISDEMEANANT HOUSING			
Total Operating Expense	4,281,101	4,281,101	
ADULT CONTRACT BEDS			
Total Operating Expense	3,000,000	3,000,000	
STAFF DEVELOPMENT AND TRAINING			

	<i>FY 2007-08 Appro.</i>	<i>FY 2008-09 Appro.</i>	<i>Biennial Appro.</i>
Personal Services	1,198,305	1,198,305	
Other Operating Expense	117,640	117,640	
PAROLE DIVISION			
Personal Services	8,126,308	8,126,308	
Other Operating Expense	895,534	895,534	
PAROLE BOARD			
Personal Services	580,285	580,285	
Other Operating Expense	20,222	20,222	
INFORMATION MANAGEMENT SERVICES			
Personal Services	1,165,728	1,165,728	
Other Operating Expense	36,384	36,384	
JUVENILE TRANSITION			
Personal Services	1,122,368	1,122,368	
Other Operating Expense	1,016,342	1,016,342	
COMMUNITY CORRECTIONS PROGRAMS			
Total Operating Expense		67,017,281	

The above appropriation for community corrections programs is not subject to transfer to any other fund or to transfer, assignment, or reassignment for any other use or purpose by the state board of finance notwithstanding IC 4-9.1-1-7 and IC 4-13-2-23 or by the budget agency notwithstanding IC 4-12-1-12, or any other law.

DRUG PREVENTION AND OFFENDER TRANSITION			
Total Operating Expense	305,431	305,431	

The above appropriation shall be used for minimum security release programs, transition programs, mentoring programs, and supervision of and assistance to adult and juvenile offenders to promote the successful integration of the offender into the community.

CENTRAL EMERGENCY RESPONSE			
Personal Services	1,089,474	1,089,474	
Other Operating Expense	108,554	108,554	
MEDICAL SERVICES			
Other Operating Expense	45,830,008	48,662,949	

The above appropriations for medical services shall be used only for services that are determined to be medically necessary.

DRUG ABUSE PREVENTION			
Drug Abuse Fund			

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(IC 11-8-2-11)

Personal Services	42,683	42,683
Other Operating Expense	3,000	3,000

Augmentation allowed.

COUNTY JAIL

MAINTENANCE

CONTINGENCY FUND

Other Operating Expense	20,342,634	20,615,319
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Disbursements from the fund shall be made for the purpose of reimbursing sheriffs for the cost of incarcerating in county jails persons convicted of felonies to the extent that such persons are incarcerated for more than five (5) days after the day of sentencing, at the rate of \$35 per day. In addition to the per diem, the state shall reimburse the sheriffs for expenses determined by the sheriff to be medically necessary medical care to the convicted persons. However, if the sheriff or county receives money with respect to a convicted person (from a source other than the county), the per diem or medical expense reimbursement with respect to the convicted person shall be reduced by the amount received. A sheriff shall not be required to comply with IC 35-38-3-4(a) or transport convicted persons within five (5) days after the day of sentencing if the department of correction does not have the capacity to receive the convicted person.

Augmentation allowed.

FOOD SERVICES

Total Operating Expense	28,954,492	28,954,492
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MEDICAL SERVICE

PAYMENTS

Total Operating Expense	25,000,000	25,000,000
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These appropriations for medical service payments are made to pay for services determined to be medically necessary for committed individuals, patients and students of institutions under the jurisdiction of the department of correction, the state department of health, the division of mental health and addiction, the school for the blind and visually impaired, the school for the deaf, the division of disability and rehabilitative services, or the division of aging if the services are provided outside these institutions. These appropriations may not be used for payments for medical services that are covered by IC 12-16 unless these services have been approved under IC 12-16. These appropriations shall not be used for payment for medical services which are payable from an appropriation in this act for the state department of health, the division of mental health and addiction, the school for the blind and visually impaired, the school for the deaf, the division of disability and rehabilitative services, the division of aging, or the department of correction, or that are reimbursable from

funds for medical assistance under IC 12-15. If these appropriations are insufficient to make these medical service payments, there is hereby appropriated such further sums as may be necessary.

Direct disbursements from the above contingency fund are not subject to the provisions of IC 4-13-2.

FOR THE DEPARTMENT

OF ADMINISTRATION

DEPARTMENT

OF CORRECTION

OMBUDSMAN BUREAU

Personal Services	135,966	136,067
Other Operating Expense	13,124	13,124

FOR THE DEPARTMENT

OF CORRECTION

INDIANA

STATE PRISON

Personal Services	31,808,589	31,808,589
Other Operating Expense	5,900,491	5,900,491

VOCATIONAL

TRAINING

PROGRAM

Total Operating Expense	158,365	158,365
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PENDLETON

CORRECTIONAL

FACILITY

Personal Services	28,109,137	28,109,137
Other Operating Expense	6,754,713	6,754,713

CORRECTIONAL

INDUSTRIAL

FACILITY

Personal Services	20,436,217	20,436,217
Other Operating Expense	1,356,420	1,356,420

INDIANA

WOMEN'S PRISON

Personal Services	8,787,194	8,787,194
Other Operating Expense	1,076,523	1,076,523

PUTNAMVILLE

CORRECTIONAL

FACILITY

Personal Services	27,418,918	27,418,918
Other Operating Expense	3,849,512	3,849,512

WABASH VALLEY

CORRECTIONAL

FACILITY

Personal Services	32,087,395	32,087,395
Other Operating Expense	5,369,971	5,369,971

PLAINFIELD EDUCATION

RE-ENTRY FACILITY

April 29, 2007

Senate 1731

	<i>FY 2007-08</i>	<i>FY 2008-09</i>	<i>Biennial</i>		<i>FY 2007-08</i>	<i>FY 2008-09</i>	<i>Biennial</i>
	<i>Appro.</i>	<i>Appro.</i>	<i>Appro.</i>		<i>Appro.</i>	<i>Appro.</i>	<i>Appro.</i>
Personal Services	5,432,892	5,432,892		CORRECTIONAL			
Other Operating Expense	2,229,376	2,229,376		FACILITY			
INDIANAPOLIS				Personal Services	2,011,534	2,011,534	
JUVENILE				Other Operating Expense	220,390	220,390	
CORRECTIONAL				CHAIN O' LAKES			
FACILITY				CORRECTIONAL			
Personal Services	10,409,859	10,409,859		FACILITY			
Other Operating Expense	1,233,531	1,233,531		Personal Services	1,517,268	1,517,268	
BRANCHVILLE				Other Operating Expense	202,531	202,531	
CORRECTIONAL				MEDARYVILLE			
FACILITY				CORRECTIONAL			
Personal Services	15,573,738	15,573,738		FACILITY			
Other Operating Expense	2,338,789	2,338,789		Personal Services	1,543,961	1,543,961	
WESTVILLE				Other Operating Expense	158,005	158,005	
CORRECTIONAL				MADISON			
FACILITY				CORRECTIONAL			
Personal Services	44,501,080	44,501,080		FACILITY			
Other Operating Expense	5,722,951	5,722,951		Personal Services	4,025,414	4,025,414	
ROCKVILLE				Other Operating Expense	701,346	701,346	
CORRECTIONAL				EDINBURGH			
FACILITY FOR WOMEN				CORRECTIONAL			
Personal Services	13,932,287	13,932,287		FACILITY			
Other Operating Expense	1,754,770	1,754,770		Personal Services	3,313,905	3,313,905	
PLAINFIELD				Other Operating Expense	495,076	495,076	
CORRECTIONAL				SOUTH BEND JUVENILE			
FACILITY				CORRECTIONAL			
Personal Services	24,178,023	24,178,023		FACILITY			
Other Operating Expense	2,274,035	2,274,035		Personal Services	4,525,393	4,525,393	
RECEPTION AND				Other Operating Expense	1,533,354	1,533,354	
DIAGNOSTIC CENTER				NORTH CENTRAL			
Personal Services	10,614,079	10,614,079		JUVENILE			
Other Operating Expense	527,827	527,827		CORRECTIONAL			
MIAMI				FACILITY			
CORRECTIONAL				Personal Services	9,601,670	9,601,670	
FACILITY				Other Operating Expense	1,359,954	1,359,954	
Personal Services	27,240,915	27,240,915		CAMP SUMMIT			
Other Operating Expense	7,513,143	7,513,143		Personal Services	2,281,347	2,281,347	
NEW CASTLE				Other Operating Expense	183,677	183,677	
CORRECTIONAL				PENDLETON JUVENILE			
FACILITY				CORRECTIONAL			
Personal Services	391,583	391,583		FACILITY			
Other Operating Expense	16,957,070	21,965,350		Personal Services	14,913,324	14,913,324	
SOCIAL SERVICES				Other Operating Expense	1,623,844	1,623,844	
BLOCK GRANT							
General Fund				B. LAW ENFORCEMENT			
Total Operating Expense	6,119,631	6,119,631		FOR THE INDIANA			
Work Release - Study				STATE POLICE AND			
Release Special Revenue				MOTOR CARRIER			
Fund (IC 11-10-8-6.5)				INSPECTION			
Total Operating Expense	347,516	347,516		From the General Fund			
Augmentation allowed from Work Release - Study Release					44,101,027	45,527,555	
Special Revenue Fund and Social Services Block Grant.				From the Motor			
HENRYVILLE							

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 Appro. Appro. Appro.

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 Appro. Appro. Appro.

**Vehicle Highway
 Account (IC 8-14-1)**

76,795,315 79,279,296

**From the Motor
 Carrier Regulation
 Fund (IC 8-2.1-23)**

4,232,556 4,368,936

Augmentation allowed from the general fund, the motor vehicle highway account, and the motor carrier regulation fund.

The amounts specified from the General Fund, the Motor Vehicle Highway Account, and the Motor Carrier Regulation Fund are for the following purposes:

Personal Services 108,085,378 112,132,267
 Other Operating Expense 17,043,520 17,043,520

The above appropriations for personal services and other operating expense include funds to continue the state police minority recruiting program.

The foregoing appropriations for the Indiana state police and motor carrier inspection include funds for the police security detail to be provided to the Indiana state fair board. However, amounts actually expended to provide security for the Indiana state fair board as determined by the budget agency shall be reimbursed by the Indiana state fair board to the state general fund.

The above appropriations for personal services include amounts to fund a new 20-year pay matrix that increases the maximum annual salary for the rank of trooper to \$60,000 phased in over the 2008-2009 biennium. The above appropriations also include funds to provide salary increases of \$3,500 for weighmasters and capital police in each year of the 2008-2009 biennium.

**ODOMETER FRAUD
 INVESTIGATION**

**From the Motor Vehicle
 Odometer Fund
 (IC 9-29-1-5)**

Total Operating Expense 25,000 25,000
 Augmentation allowed.

**STATE POLICE
 TRAINING**

**From the State Police
 Training Fund
 (IC 5-2-8-5)**

Total Operating Expense 300,100 300,100
 Augmentation allowed.

**FORENSIC AND
 HEALTH SCIENCES
 LABORATORIES**

From the General Fund

3,888,671 3,888,671

**From the Motor
 Carrier Regulation
 Fund (IC 8-2.1-23)**

386,658 386,658

**From the Motor
 Vehicle Highway
 Account (IC 8-14-1)**

6,772,031 6,772,031

Augmentation allowed from the general fund, the motor vehicle highway account, and the motor carrier regulation fund.

The amounts specified from the General Fund, the Motor Vehicle Highway Account, and the Motor Carrier Regulation Fund are for the following purposes:

Personal Services 9,616,473 9,616,473
 Other Operating Expense 1,430,887 1,430,887

ENFORCEMENT AID

From the General Fund

Total Operating Expense 40,000 40,000

**From the Motor
 Vehicle Highway
 Account (IC 8-14-1)**

Total Operating Expense 40,000 40,000

The above appropriations for enforcement aid are to meet unforeseen emergencies of a confidential nature. They are to be expended under the direction of the superintendent and to be accounted for solely on the superintendent's authority.

PENSION FUND

From the General Fund

Total Operating Expense 4,736,246 4,736,246

**From the Motor
 Vehicle Highway
 Account (IC 8-14-1)**

Total Operating Expense 4,736,247 4,736,247

The above appropriations shall be paid into the state police pension fund provided for in IC 10-12-2 in twelve (12) equal installments on or before July 30 and on or before the 30th of each succeeding month thereafter.

BENEFIT FUND

From the General Fund

Total Operating Expense 1,713,151 1,713,151

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Augmentation allowed.

**From the Motor
Vehicle Highway
Account (IC 8-14-1)**
Total Operating Expense 1,713,151 1,713,151
Augmentation allowed.

All benefits to members shall be paid by warrant drawn on the treasurer of state by the auditor of state on the basis of claims filed and approved by the trustees of the state police pension and benefit funds created by IC 10-12-2.

**SUPPLEMENTAL
PENSION
General Fund**
Total Operating Expense 1,900,753 1,900,753
Augmentation allowed.

**Motor Vehicle Highway
Account (IC 8-14-1)**
Total Operating Expense 1,900,753 1,900,753
Augmentation allowed.

If the above appropriations for supplemental pension for any one (1) year are greater than the amount actually required under the provisions of IC 10-12-5, then the excess shall be returned proportionately to the funds from which the appropriations were made. If the amount actually required under IC 10-12-5 is greater than the above appropriations, then, with the approval of the governor and the budget agency, those sums may be augmented from the general fund and the motor vehicle highway account.

**ACCIDENT REPORTING
Accident Report Account
(IC 9-29-11-1)**
Total Operating Expense 84,760 84,760
Augmentation allowed.
**DRUG INTERDICTION
Drug Interdiction Fund
(IC 10-11-7)**
Total Operating Expense 273,420 273,420
Augmentation allowed.

**FOR THE INTEGRATED
PUBLIC SAFETY
COMMISSION
PROJECT SAFE-T
Integrated Public Safety
Communications Fund
(IC 5-26-4-1)**
Total Operating Expense 13,000,000 13,000,000

Augmentation allowed.

**FOR THE ADJUTANT
GENERAL**
Personal Services 8,253,098 8,253,098
Other Operating Expense 2,868,184 2,868,184
**DISABLED SOLDIERS'
PENSION**
Other Operating Expense 1 1
Augmentation allowed.
**MUTC - MUSCATATUCK
URBAN TRAINING
CENTER**
Total Operating Expense 2,600,000 2,600,000
**HOOSIER YOUTH
CHALLENGE ACADEMY**
Total Operating Expense 1,200,000 1,200,000
**GOVERNOR'S CIVIL
AND MILITARY
CONTINGENCY FUND**
Total Operating Expense 320,000

The above appropriations for the adjutant general governor's civil and military contingency fund are made under IC 10-16-11-1.

**FOR THE CRIMINAL
JUSTICE INSTITUTE
ADMINISTRATIVE
MATCH**
Total Operating Expense 440,467 440,467
**DRUG ENFORCEMENT
MATCH**
Total Operating Expense 2,846,955 2,846,955
**VICTIM AND WITNESS
ASSISTANCE FUND
Victim and Witness
Assistance Fund
(IC 5-2-6-14)**
Total Operating Expense 630,902 630,902
Augmentation allowed.
**ALCOHOL AND DRUG
COUNTERMEASURES
Alcohol and Drug
Countermeasures
Fund (IC 9-27-2-11)**
Total Operating Expense 386,000 386,000
Augmentation allowed.
**STATE DRUG FREE
COMMUNITIES FUND
State Drug Free
Communities Fund
(IC 5-2-10-2)**

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Appro. *Appro.* *Appro.*

FY 2007-08 FY 2008-09 Biennial
Appro. *Appro.* *Appro.*

Financial Responsibility		
Compliance Verification		
Fund (IC 9-25-9-7)		
Total Operating Expense	6,858,480	6,858,480
Augmentation allowed.		
ABANDONED VEHICLES		
Abandoned Vehicle Fund		
(IC 9-22-1-28)		
Total Operating Expense	463,207	463,207
Augmentation allowed.		
STATE MOTOR VEHICLE		
TECHNOLOGY		
State Motor		
Vehicle Technology		
Fund (IC 9-29-16-1)		
Total Operating Expense	5,424,425	5,424,425
Augmentation allowed.		
FOR THE DEPARTMENT		
OF LABOR		
Personal Services	918,171	918,171
Other Operating Expense	124,192	124,192
INDUSTRIAL HYGIENE		
Personal Services	1,256,421	1,256,421
Other Operating Expense	152,287	152,287
BUREAU OF MINES		
AND MINE SAFETY		
Personal Services	184,738	184,738
Other Operating Expense	45,998	45,998
M.I.S. RESEARCH		
AND STATISTICS		
Personal Services	239,744	239,744
Other Operating Expense	26,014	26,014

The above funds are appropriated to occupational safety and health, industrial hygiene, and management information services research and statistics to provide the total program cost of the Indiana occupational safety and health plan as approved by the United States Department of Labor. Inasmuch as the state is eligible to receive from the federal government partial reimbursement of the state's total Indiana occupational safety and health plan program cost, it is the intention of the general assembly that the department of labor make application to the federal government for the federal share of the total program cost. Federal funds received shall be considered a reimbursement of state expenditures and as such shall be deposited into the state general fund.

The above appropriation for personal services to the Bureau of Mines and Mine Safety includes an amount for the employment of an additional mine safety inspector for the Bureau of Mines and Mine Safety at a salary of at least \$53,000 and fringe benefits of \$21,767. The above

appropriation for other operating expense includes \$30,000 for the purchase of additional mine rescue equipment. The amount provided for these purposes may not be used for any other purpose.

OCCUPATIONAL SAFETY AND HEALTH

Personal Services	2,278,287	2,278,287
Other Operating Expense	326,318	326,318

EMPLOYMENT

OF YOUTH

Employment of Youth		
Fund (IC 20-33-3-42)		
Total Operating Expense	75,473	75,473

Augmentation allowed.

BUREAU OF SAFETY

EDUCATION

AND TRAINING

Special Fund for Safety and Health Consultation Service (IC 22-8-1.1-48)

Personal Services	856,406	856,406
Other Operating Expense	227,884	227,884

Augmentation allowed.

Federal cost reimbursements for expenses attributable to the Bureau of Safety Education and Training appropriations shall be deposited into the special fund for safety and health consultation services.

The above appropriations for the Bureau of Safety Education and Training shall not be used to compete with consultation services provided by legitimate engineering firms, insurance companies, or professional consultants. The Bureau of Safety Education and Training shall limit training activities to private companies for which it has conducted an on-site consultation and shall limit training to only direct employees at that site.

FOR THE DEPARTMENT OF INSURANCE

Department of Insurance Fund (IC 27-1-3-28)

Personal Services	5,544,812	5,544,812
Other Operating Expense	1,269,333	1,269,333

Augmentation allowed.

BAIL BOND DIVISION

Bail Bond Enforcement and Administration

Fund (IC 27-10-5-1)

Personal Services	177,215	177,215
Other Operating Expense	11,280	11,280

Augmentation allowed.

PATIENTS'

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Appro. *Appro.* *Appro.*

FY 2007-08 FY 2008-09 Biennial
Appro. *Appro.* *Appro.*

**COMPENSATION
 AUTHORITY**

**Patient's Compensation Fund
 (IC 34-18-6-1)**

Personal Services 722,263 722,263
 Other Operating Expense 1,322,435 1,322,435
 Augmentation allowed.

POLITICAL SUBDIVISION

RISK MANAGEMENT

**Political Subdivision
 Risk Management
 Fund (IC 27-1-29-10)**

Personal Services 109,874 109,874
 Other Operating Expense 802,850 802,850
 Augmentation allowed.

MINE SUBSIDENCE

INSURANCE

**Mine Subsidence Insurance
 Fund (IC 27-7-9-7)**

Personal Services 119,154 119,154
 Other Operating Expense 802,060 802,060
 Augmentation allowed.

**FOR THE ALCOHOL AND
 TOBACCO COMMISSION**

**Enforcement and
 Administration
 Fund (IC 7.1-4-10-1)**

Personal Services 8,348,642 8,589,036
 Other Operating Expense 2,424,940 2,424,940
 Augmentation allowed.

The above appropriations for personal services include funds for a new 20-year pay matrix that increases the maximum annual salary for the officer rank to \$60,000 phased in over the 2008-2009 biennium.

**ALCOHOLIC BEVERAGE
 ENFORCEMENT**

OFFICERS' TRAINING

**Alcoholic Beverage
 Commission Enforcement
 Officers' Training
 Fund (IC 5-2-8-8)**

Total Operating Expense 3,500 3,500
 Augmentation allowed from the Alcoholic Beverage
 Enforcement Officers' Training Fund.

**FOR THE DEPARTMENT
 OF FINANCIAL
 INSTITUTIONS**

**Financial Institutions Fund
 (IC 28-11-2-9)**

Personal Services 6,787,643 6,787,643
 Other Operating Expense 1,764,048 1,703,411
 Augmentation allowed.

**FOR THE PROFESSIONAL
 LICENSING AGENCY**

Personal Services 4,769,078 4,769,078
 Other Operating Expense 1,130,056 1,130,056

PRENEED CONSUMER

PROTECTION

**Preneed Consumer Protection
 Fund (IC 30-2-13-28)**

Total Operating Expense 15,000 15,000
 Augmentation allowed.

**EMBALMERS' AND
 FUNERAL DIRECTORS'**

EDUCATION

**Funeral Service Education
 Fund (IC 25-15-9-13)**

Total Operating Expense 5,000 5,000
 Augmentation allowed.

**FOR THE CIVIL RIGHTS
 COMMISSION**

Personal Services 1,969,921 1,969,921
 Other Operating Expense 406,447 406,447

It is the intention of the general assembly that the civil rights commission shall apply to the federal government for funding based upon the processing of employment and housing discrimination complaints by the civil rights commission. Such federal funds received by the state shall be considered as a reimbursement of state expenditures and shall be deposited into the state general fund.

**MARTIN LUTHER KING JR.
 HOLIDAY COMMISSION**

Total Operating Expense 20,000 20,000

**FOR THE UTILITY
 CONSUMER COUNSELOR**

**Public Utility Fund
 (IC 8-1-6-1)**

Personal Services 4,524,732 4,524,732
 Other Operating Expense 1,081,422 1,081,422

Augmentation allowed.

EXPERT WITNESS

FEES AND AUDIT

**Public Utility Fund
 (IC 8-1-6-1)**

Total Operating Expense 1,550,000
 Augmentation allowed.

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From the Fire and Building Services Fund (IC 22-12-6-1)
Total Operating Expense 399,585 2,110,730
Augmentation allowed.

Total Operating Expense 91,000 91,000
OUTDOOR RECREATION DIVISION
Personal Services 625,218 625,218
Other Operating Expense 42,800 42,800
NATURE PRESERVES DIVISION
Personal Services 906,847 906,847
Other Operating Expense 76,303 76,303
WATER DIVISION
Personal Services 4,369,300 4,369,300
Other Operating Expense 479,605 479,605

SECTION 5. [EFFECTIVE JULY 1, 2007]

CONSERVATION AND ENVIRONMENT

A. NATURAL RESOURCES

FOR THE DEPARTMENT OF NATURAL RESOURCES -

ADMINISTRATION
Personal Services 7,778,972 7,778,972
Other Operating Expense 1,185,019 1,185,019

ENTOMOLOGY AND PLANT PATHOLOGY DIVISION
Personal Services 653,552 653,552
Other Operating Expense 161,137 161,137

ENTOMOLOGY AND PLANT PATHOLOGY FUND (IC 14-24-10-3)
Total Operating Expense 693,756
Augmentation allowed.

ENGINEERING DIVISION
Personal Services 1,644,141 1,644,141
Other Operating Expense 123,151 123,151

STATE MUSEUM
Personal Services 5,593,509 5,593,509
Other Operating Expense 1,931,841 1,931,841

HISTORIC PRESERVATION DIVISION
Personal Services 879,579 879,579
Other Operating Expense 72,484 72,484

HISTORIC PRESERVATION - FEDERAL
Total Operating Expense 70,000 70,000

STATE HISTORIC SITES
Personal Services 2,483,942 2,483,942
Other Operating Expense 627,287 627,287

From the above appropriations, \$75,000 in each state fiscal year shall be used for the Grissom Museum.

WABASH RIVER HERITAGE CORRIDOR

All revenues accruing from state and local units of government and from private utilities and industrial concerns as a result of water resources study projects, and as a result of topographic and other mapping projects, shall be deposited into the state general fund, and such receipts are hereby appropriated, in addition to the foregoing amounts, for water resources studies.

GREAT LAKES COMMISSION
Other Operating Expense 61,000 61,000

DEER RESEARCH AND MANAGEMENT
Deer Research and Management Fund (IC 14-22-5-2)
Total Operating Expense 268,788 268,788
Augmentation allowed.

OIL AND GAS DIVISION
From the General Fund 876,949 876,949
From the Oil and Gas Fund (IC 6-8-1-27) 528,269 528,269
Augmentation allowed from the Oil and Gas Fund.

The amounts specified from the General Fund and the Oil and Gas Fund are for the following purposes:

Personal Services 1,145,545 1,145,545
Other Operating Expense 259,673 259,673

STATE PARKS AND RESERVOIRS
From the General Fund 12,463,162 12,463,162
From the State Parks and Reservoirs Special Revenue Fund (IC 14-19-8-2) 20,340,440 20,340,440

Augmentation allowed from the State Parks and Reservoirs Special Revenue Fund.

April 29, 2007

Senate 1739

<i>FY 2007-08</i>	<i>FY 2008-09</i>	<i>Biennial</i>
<i>Appro.</i>	<i>Appro.</i>	<i>Appro.</i>

<i>FY 2007-08</i>	<i>FY 2008-09</i>	<i>Biennial</i>
<i>Appro.</i>	<i>Appro.</i>	<i>Appro.</i>

The amounts specified from the General Fund and the State Parks and Reservoirs Special Revenue Fund are for the following purposes:

Personal Services	24,161,700	24,161,700
Other Operating Expense	8,641,902	8,641,902

DRAMATIC

**PRODUCTION OF
YOUNG ABE LINCOLN**

Total Operating Expense		825,000
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**OFF-ROAD VEHICLE AND
SNOWMOBILE FUND**

**Off-Road Vehicle and
Snowmobile Fund**

(IC 14-16-1-30)

Total Operating Expense	300,000	300,000
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Augmentation allowed.

**LAW ENFORCEMENT
DIVISION**

From the General Fund

	10,274,159	10,745,768
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**From the Fish and
Wildlife Fund**

(IC 14-22-3-2)

	12,322,819	12,888,397
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Augmentation allowed from the Fish and Wildlife Fund.

The amounts specified from the General Fund and the Fish and Wildlife Fund are for the following purposes:

Personal Services	18,775,031	19,812,218
Other Operating Expense	3,821,947	3,821,947

The above appropriations for personal services law enforcement division include funds for a new 20-year pay matrix that increases the maximum annual salary for the officer rank to \$60,000 phased in over the 2008-2009 biennium.

**FISH AND WILDLIFE
DIVISION**

**Fish and Wildlife Fund
(IC 14-22-3-2)**

Personal Services	12,516,802	12,516,802
Other Operating Expense	5,306,937	5,306,937

Augmentation allowed.

FORESTRY DIVISION

From the General Fund

	1,087,227	1,087,227
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**From the State Forestry
Fund (IC 14-23-3-2)**

	11,327,465	11,327,465
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Augmentation allowed from the State Forestry Fund.

The amounts specified from the General Fund and the State Forestry Fund are for the following purposes:

Personal Services	7,912,404	7,912,404
Other Operating Expense	4,502,288	4,502,288

All money expended by the division of forestry of the department of natural resources for the detention and suppression of forest, grassland, and wasteland fires shall be through the enforcement division of the department, and the employment with such money of all personnel, with the exception of emergency labor, shall be in accordance with IC 14-9-8.

RECLAMATION DIVISION

From the General Fund

	1,478	1,478
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**From the Natural
Resources Reclamation
Division Fund**

(IC 14-34-14-2)

	4,931,999	4,931,999
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**Augmentation allowed from the Natural Resources
Reclamation Division Fund.**

The amounts specified from the General Fund and the Natural Resources Reclamation Division Fund are for the following purposes:

Personal Services	4,253,559	4,253,559
Other Operating Expense	679,918	679,918

In addition to any of the foregoing appropriations for the department of natural resources, any federal funds received by the state of Indiana for support of approved outdoor recreation projects for planning, acquisition, and development under the provisions of the federal Land and Water Conservation Fund Act, P.L.88-578, are appropriated for the uses and purposes for which the funds were paid to the state, and shall be distributed by the department of natural resources to state agencies and other governmental units in accordance with the provisions under which the funds were received.

**LAKE MICHIGAN
COASTAL PROGRAM**

**Cigarette Tax Fund
(IC 6-7-1-29.1)**

Total Operating Expense	134,547	134,547
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Augmentation allowed.

LAKE AND RIVER

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	FY 2007-08 <i>Appro.</i>	FY 2008-09 <i>Appro.</i>	Biennial <i>Appro.</i>		FY 2007-08 <i>Appro.</i>	FY 2008-09 <i>Appro.</i>	Biennial <i>Appro.</i>
ENHANCEMENT				FOR THE KANKAKEE			
Lake and River				RIVER BASIN			
Enhancement Fund				COMMISSION			
(IC 6-6-11-12.5)				Total Operating Expense	75,000	75,000	75,000
Total Operating Expense			4,685,856				
Augmentation allowed.							
CONSERVATION				C. ENVIRONMENTAL			
OFFICERS' MARINE				MANAGEMENT			
ENFORCEMENT FUND				FOR THE DEPARTMENT			
Lake and River				OF ENVIRONMENTAL			
Enhancement Fund				MANAGEMENT			
(IC 6-6-11-12.5)				ADMINISTRATION			
Total Operating Expense	820,000	820,000		From the General Fund			
Augmentation allowed.					4,320,865	4,320,865	
HERITAGE TRUST				From the State Solid Waste			
Total Operating Expense	2,000,000	2,000,000		Management Fund			
				(IC 13-20-22-2)			
B. OTHER					111,482	122,493	
NATURAL RESOURCES				From the Waste			
				Tire Management			
FOR THE WORLD				Fund (IC 13-20-13-8)			
WAR MEMORIAL					44,784	46,088	
COMMISSION				From the Title V Operating			
Personal Services	1,001,309	1,001,309		Permit Program Trust			
Other Operating Expense	534,125	534,125		Fund (IC 13-17-8-1)			
					720,075	615,736	
All revenues received as rent for space in the buildings located at 777 North Meridian Street and 700 North Pennsylvania Street, in the city of Indianapolis, that exceed the costs of operation and maintenance of the space rented, shall be paid into the general fund. The American Legion shall provide for the complete maintenance of the interior of these buildings.				From the Environmental			
				Management Permit			
				Operation Fund			
				(IC 13-15-11-1)			
					812,454	825,445	
				From the Environmental			
				Management Special Fund			
				(IC 13-14-12-1)			
					83,604	93,766	
				From the Hazardous			
				Substances Response Trust			
				Fund (IC 13-25-4-1)			
					199,570	206,379	
				From the Asbestos Trust			
				Fund (IC 13-17-6-3)			
					28,829	32,854	
				From the Underground			
				Petroleum Storage Tank			
				Trust Fund (IC 13-23-6-1)			
					36,678	37,746	
				From the Underground			
				Petroleum Storage Tank			
				Excess Liability Trust			
				Fund (IC 13-23-7-1)			
					1,949,685	2,006,468	
				From the Lead Trust Fund			
				(IC 13-17-14-6)			

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1,330 1,516
Augmentation allowed from the State Solid Waste Management Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, Underground Petroleum Storage Tank Excess Liability Trust Fund, and Lead Trust Fund.

The amounts specified from the General Fund, State Solid Waste Management Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, Underground Petroleum Storage Tank Excess Liability Trust Fund, and Lead Trust Fund are for the following purposes:

Personal Services	5,829,424	5,829,424
Other Operating Expense	2,479,932	2,479,932

**LABORATORY
 CONTRACTS
 General Fund**

	244,886	113,746
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Environmental Management Special Fund (IC 13-14-12-1)

	671,809	802,949
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Hazardous Substances Response Trust Fund (IC 13-25-4-1)

	1,565,126	1,565,126
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Augmentation allowed from the Environmental Management Special Fund and the Hazardous Substances Response Trust Fund.

The amounts specified from the General Fund, Environmental Management Special Fund, and Hazardous Substances Response Trust Fund are for the following purpose:

Total Operating Expense	2,481,821	2,481,821
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**NORTHWEST
 REGIONAL OFFICE**

From the General Fund

	589,301	589,601
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From the State Solid Waste Management Fund (IC 13-20-22-2)

	34,569	40,242
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From the Waste

Tire Management Fund (IC 13-20-13-8)

	18,810	20,232
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From the Title V Operating Permit Program Trust Fund (IC 13-17-8-1)

	434,188	393,452
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From the Environmental Management Permit Operation Fund (IC 13-15-11-1)

	280,387	297,510
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From the Environmental Management Special Fund (IC 13-14-12-1)

	29,198	34,682
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From the Hazardous Substances Response Trust Fund (IC 13-25-4-1)

	81,723	88,280
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From the Asbestos Trust Fund (IC 13-17-6-3)

	17,383	20,993
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From the Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)

	15,405	16,570
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From the Lead Trust Fund (IC 13-17-14-6)

	802	969
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Augmentation allowed from the State Solid Waste Management Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and Lead Trust Fund.

The amounts specified from the General Fund, State Solid Waste Management Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and Lead Trust Fund are for the following purposes:

Personal Services	1,275,506	1,275,506
Other Operating Expense	226,260	227,025

**NORTHERN
 REGIONAL OFFICE
 From the General Fund**

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	431,985	462,585		Personal Services	1,082,790	1,082,790	
From the State Solid Waste Management Fund (IC 13-20-22-2)				Other Operating Expense	184,367	274,127	
	45,014	55,768		SOUTHWEST REGIONAL OFFICE			
From the Waste Tire Management Fund (IC 13-20-13-8)				From the General Fund	424,876	424,876	
	12,246	14,019		From the State Solid Waste Management Fund (IC 13-20-22-2)	121,800	126,933	
From the Title V Operating Permit Program Trust Fund (IC 13-17-8-1)				From the Waste Tire Management Fund (IC 13-20-13-8)	16,630	17,443	
	376,914	363,498		From the Title V Operating Permit Program Trust Fund (IC 13-17-8-1)	191,931	169,603	
From the Environmental Management Permit Operation Fund (IC 13-15-11-1)				From the Environmental Management Permit Operation Fund (IC 13-15-11-1)	190,303	196,487	
	288,572	326,712		From the Environmental Management Special Fund (IC 13-14-12-1)	40,662	44,735	
From the Environmental Management Special Fund (IC 13-14-12-1)				From the Hazardous Substances Response Trust Fund (IC 13-25-4-1)	87,872	91,902	
	29,549	36,621		From the Asbestos Trust Fund (IC 13-17-6-3)	7,684	9,050	
From the Hazardous Substances Response Trust Fund (IC 13-25-4-1)				From the Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)	13,620	14,286	
	57,061	65,943		From the Lead Trust Fund (IC 13-17-14-6)	355	418	
From the Asbestos Trust Fund (IC 13-17-6-3)				Augmentation allowed from the State Solid Waste Management Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and Lead Trust Fund.			
	15,090	19,395					
From the Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)							
	10,030	11,481					
From the Lead Trust Fund (IC 13-17-14-6)							
	696	895					

The amounts specified from the General Fund, State Solid Waste Management Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and Lead Trust Fund are for the following purposes:

The amounts specified from the General Fund, State Solid Waste Management Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental

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Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and Lead Trust Fund are for the following purposes:

Personal Services	911,741	911,741
Other Operating Expense	183,992	183,992

LEGAL AFFAIRS

From the General Fund	532,441	532,441
From the State Solid Waste Management Fund (IC 13-20-22-2)	27,157	31,023
From the Waste Tire Management Fund (IC 13-20-13-8)	8,708	9,158
From the Title V Operating Permit Program Trust Fund (IC 13-17-8-1)	111,467	99,121
From the Environmental Management Permit Operation Fund (IC 13-15-11-1)	167,294	174,261
From the Environmental Management Special Fund (IC 13-14-12-1)	17,879	20,559
From the Hazardous Substances Response Trust Fund (IC 13-25-4-1)	39,744	42,151
From the Asbestos Trust Fund (IC 13-17-6-3)	4,463	5,289
From the Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)	7,132	7,500
From the Underground Petroleum Storage Tank Excess Liability Trust Fund (IC 13-23-7-1)	379,114	398,678
From the Lead Trust Fund (IC 13-17-14-6)	206	244

Augmentation allowed from the State Solid Waste Management Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, Underground Petroleum Storage Tank Excess Liability Trust Fund, and Lead Trust Fund.

The amounts specified from the General Fund, State Solid Waste Management Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, Underground Petroleum Storage Tank Excess Liability Trust Fund, and Lead Trust Fund are for the following purposes:

Personal Services	806,542	806,542
Other Operating Expense	489,063	513,883

ENFORCEMENT

From the General Fund	1,093,915	1,093,915
From the State Solid Waste Management Fund (IC 13-20-22-2)	3,592	4,118
From the Waste Tire Management Fund (IC 13-20-13-8)	77,266	80,138
From the Title V Operating Permit Program Trust Fund (IC 13-17-8-1)	308,247	275,056
From the Environmental Management Special Fund (IC 13-14-12-1)	78,809	92,721
From the Hazardous Substances Response Trust Fund (IC 13-25-4-1)	312,003	323,089
From the Asbestos Trust Fund (IC 13-17-6-3)	12,341	14,676
From the Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)	63,281	65,633
From the Lead Trust Fund		

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(IC 13-17-14-6) 569 677
 Augmentation allowed from the State Solid Waste Management Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and Lead Trust Fund.

Trust Fund (IC 13-23-6-1) 12,713 13,251

From the Lead Trust Fund (IC 13-17-14-6) 73 76

Augmentation allowed from the State Solid Waste Management Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and Lead Trust Fund.

The amounts specified from the General Fund, State Solid Waste Management Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and Lead Trust Fund are for the following purposes:

The amounts specified from the General Fund, State Solid Waste Management Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and Lead Trust Fund are for the following purposes:

Personal Services 1,837,953 1,837,953
 Other Operating Expense 112,070 112,070

Personal Services 373,135 373,135
 Other Operating Expense 94,459 94,459

INVESTIGATIONS

MEDIA AND COMMUNICATIONS

From the General Fund 191,714 191,714
 From the State Solid Waste Management Fund (IC 13-20-22-2) 6,215 6,258
 From the Waste Tire Management Fund (IC 13-20-13-8) 15,522 16,179
 From the Title V Operating Permit Program Trust Fund (IC 13-17-8-1) 39,350 30,724
 From the Environmental Management Permit Operation Fund (IC 13-15-11-1) 123,334 125,580
 From the Environmental Management Special Fund (IC 13-14-12-1) 13,478 16,015
 From the Hazardous Substances Response Trust Fund (IC 13-25-4-1) 63,620 66,158
 From the Asbestos Trust Fund (IC 13-17-6-3) 1,575 1,639
 From the Underground Petroleum Storage Tank

From the General Fund 446,898 446,898
 From the State Solid Waste Management Fund (IC 13-20-22-2) 10,068 10,137
 From the Waste Tire Management Fund (IC 13-20-13-8) 5,710 5,941
 From the Title V Operating Permit Program Trust Fund (IC 13-17-8-1) 63,743 49,770
 From the Environmental Management Permit Operation Fund (IC 13-15-11-1) 78,335 79,708
 From the Environmental Management Special Fund (IC 13-14-12-1) 8,391 9,403
 From the Hazardous Substances Response Trust Fund (IC 13-25-4-1)

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	24,734	25,637
From the Asbestos Trust Fund (IC 13-17-6-3)		
	2,552	2,656
From the Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)		
	4,676	4,866
From the Underground Petroleum Storage Tank Excess Liability Trust Fund (IC 13-23-7-1)		
	248,571	258,657
From the Lead Trust Fund (IC 13-17-14-6)		
	118	123
Augmentation allowed from the State Solid Waste Management Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, Underground Petroleum Storage Tank Excess Liability Trust Fund, and Lead Trust Fund.		

	95,031	74,199
From the Environmental Management Permit Operation Fund (IC 13-15-11-1)		
	116,785	118,832
From the Environmental Management Special Fund (IC 13-14-12-1)		
	12,509	14,018
From the Hazardous Substances Response Trust Fund (IC 13-25-4-1)		
	36,875	38,220
From the Asbestos Trust Fund (IC 13-17-6-3)		
	3,805	3,959
From the Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)		
	6,972	7,254
From the Underground Petroleum Storage Tank Excess Liability Trust Fund (IC 13-23-7-1)		
	370,579	385,618
From the Lead Trust Fund (IC 13-17-14-6)		
	176	183
Augmentation allowed from the State Solid Waste Management Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, Underground Petroleum Storage Tank Excess Liability Trust Fund, and Lead Trust Fund.		

The amounts specified from the General Fund, State Solid Waste Management Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, Underground Petroleum Storage Tank Excess Liability Trust Fund, and Lead Trust Fund are for the following purposes:

Personal Services	833,910	833,910
Other Operating Expense	59,886	59,886

COMMUNITY RELATIONS

From the General Fund		
	462,989	462,989
From the State Solid Waste Management Fund (IC 13-20-22-2)		
	15,009	15,112
From the Waste Tire Management Fund (IC 13-20-13-8)		
	8,512	8,858
From the Title V Operating Permit Program Trust Fund (IC 13-17-8-1)		

The amounts specified from the General Fund, State Solid Waste Management Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, Underground Petroleum Storage Tank Excess Liability Trust Fund, and Lead Trust Fund are for the following purposes:

Personal Services	1,020,294	1,020,294
Other Operating Expense	108,948	108,948

OHIO RIVER VALLEY WATER SANITATION

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COMMISSION				Other Operating Expense	229,900		229,900
Environmental				Augmentation allowed.			
Management Special				TITLE V AIR			
Fund (IC 13-14-12-1)				PERMIT PROGRAM			
Total Operating Expense	252,500	252,500		Title V Operating Permit			
Augmentation allowed.				Program Trust Fund			
OFFICE OF				(IC 13-17-8-1)			
ENVIRONMENTAL				Personal Services	7,265,027	7,265,027	
RESPONSE				Other Operating Expense	4,501,920	1,564,171	
Personal Services	2,177,219	2,177,219		Augmentation allowed.			
Other Operating Expense	321,248	353,248		WATER MANAGEMENT			
POLLUTION				PERMITTING			
PREVENTION AND				From the General Fund			
TECHNICAL					2,548,364	2,527,288	
ASSISTANCE				From the Environmental			
Personal Services	1,300,207	1,300,207		Management Permit			
Other Operating Expense	808,621	808,621		Operation Fund			
PCB INSPECTIONS				(IC 13-15-11-1)			
Environmental					5,593,375	5,547,117	
Management Permit				Augmentation allowed from the Environmental Management			
Operation Fund				Permit Operation Fund.			
(IC 13-15-11-1)				The amounts specified from the General Fund and the			
Total Operating Expense	30,561	30,561		Environmental Management Permit Operation Fund are for			
Augmentation allowed.				the following purposes:			
U.S. GEOLOGICAL				Personal Services	6,882,416	6,882,416	
SURVEY CONTRACTS				Other Operating Expense	1,259,323	1,191,989	
Environmental				SOLID WASTE			
Management Special				MANAGEMENT			
Fund (IC 13-14-12-1)				PERMITTING			
Total Operating Expense	62,890	62,890		From the General Fund			
Augmentation allowed.					2,337,961	2,311,961	
STATE SOLID WASTE				From the Environmental			
GRANTS MANAGEMENT				Management Permit			
State Solid Waste				Operation Fund			
Management Fund				(IC 13-15-11-1)			
(IC 13-20-22-2)					3,656,812	3,163,482	
Personal Services	385,092	385,092		Augmentation allowed from the Environmental Management			
Other Operating Expense	1,378,808	1,378,808		Permit Operation Fund.			
Augmentation allowed.				The amounts specified from the General Fund and the			
RECYCLING				Environmental Management Permit Operation Fund are for			
OPERATING				the following purposes:			
Indiana Recycling				Personal Services	4,723,666	4,723,666	
Promotion and				Other Operating Expense	1,271,107	751,777	
Assistance Fund				CFO/CAFO			
(IC 4-23-5.5-14)				INSPECTIONS			
Personal Services	259,711	259,711		Total Operating Expense	450,000	450,000	
Other Operating Expense	90,292	90,292					
Augmentation allowed.							
VOLUNTARY CLEAN-UP							
PROGRAM							
Voluntary Remediation							
Fund (IC 13-25-5-21)							
Personal Services	665,627	665,627					

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**HAZARDOUS WASTE
MANAGEMENT
PERMITTING**

From the General Fund

2,380,469 2,370,335

From the Environmental
Management Permit
Operation Fund
(IC 13-15-11-1)

2,899,411 2,487,311

Augmentation allowed from the Environmental Management
Permit Operation Fund.

The amounts specified from the General Fund and the
Environmental Management Permit Operation Fund are for
the following purposes:

Personal Services 4,245,060 4,245,060
Other Operating Expense 1,034,820 612,586

**SAFE DRINKING
WATER PROGRAM**

From the General Fund

438,561 415,228

From the Environmental
Management Permit
Operation Fund
(IC 13-15-11-1)

2,280,509 2,159,176

Augmentation allowed from the Environmental Management
Permit Operation Fund.

The amounts specified from the General Fund and the
Environmental Management Permit Operation Fund are for
the following purposes:

Personal Services 1,955,356 1,955,356
Other Operating Expense 763,714 619,048

**CLEAN VESSEL
PUMPOUT**

Environmental
Management Special
Fund (IC 13-14-12-1)

Total Operating Expense 129,618 47,122

Augmentation allowed.

**GROUNDWATER
PROGRAM**

Environmental
Management Special
Fund (IC 13-14-12-1)

Total Operating Expense 128,839 128,839

Augmentation allowed.

**UNDERGROUND
STORAGE TANK
PROGRAM**

Underground Petroleum
Storage Tank Trust
Fund (IC 13-23-6-1)

Total Operating Expense 135,959 135,959
Augmentation allowed.

**AIR MANAGEMENT
OPERATING**

Personal Services 466,703 468,372
Other Operating Expense 354,057 324,817

**WATER MANAGEMENT
NONPERMITTING**

Personal Services 2,528,259 2,528,259
Other Operating Expense 708,888 708,888

**GREAT LAKES
INITIATIVE**

Environmental
Management Special
Fund (IC 13-14-12-1)

Total Operating Expense 57,207 57,207
Augmentation allowed.

**OUTREACH OPERATOR
TRAINING**

General Fund

Total Operating Expense 3,059 3,059

Environmental
Management Special
Fund (IC 13-14-12-1)

Total Operating Expense 6,116 6,116
Augmentation allowed.

LEAKING

**UNDERGROUND
STORAGE TANKS**

Underground Petroleum
Storage Tank Trust Fund
(IC 13-23-6-1)

Personal Services 145,472 145,472
Other Operating Expense 18,201 18,201

Augmentation allowed.

CORE SUPERFUND

Hazardous Substances
Response Trust Fund
(IC 13-25-4-1)

Total Operating Expense 28,337 20,737
Augmentation allowed.

AUTO EMISSIONS

TESTING PROGRAM

Personal Services 111,387 111,387
Other Operating Expense 5,628,528 5,826,564

The above appropriations for auto emissions testing are the

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maximum amounts available for this purpose. If it becomes necessary to conduct additional tests in other locations, the above appropriations shall be prorated among all locations.

**HAZARDOUS WASTE
 SITE - STATE
 CLEAN-UP**

Hazardous Substances Response Trust Fund (IC 13-25-4-1)			
Personal Services	1,407,860	1,407,860	
Other Operating Expense	594,171	594,171	
Augmentation allowed.			

**HAZARDOUS WASTE
 SITES - NATURAL
 RESOURCE DAMAGES**

Hazardous Substances Response Trust Fund (IC 13-25-4-1)			
Personal Services	181,465	181,465	
Other Operating Expense	320,752	320,752	
Augmentation allowed.			

**SUPERFUND MATCH
 Hazardous Substances
 Response Trust Fund
 (IC 13-25-4-1)**

Total Operating Expense	150,000	150,000	
Augmentation allowed.			

HOUSEHOLD

**HAZARDOUS WASTE
 Hazardous Substances
 Response Trust Fund
 (IC 13-25-4-1)**

Other Operating Expense	302,000	302,000	
Augmentation allowed.			

**ASBESTOS TRUST -
 OPERATING**

Asbestos Trust Fund (IC 13-17-6-3)			
Personal Services	314,003	314,003	
Other Operating Expense	157,097	157,097	
Augmentation allowed.			

**UNDERGROUND
 PETROLEUM
 STORAGE TANK -
 OPERATING**

Underground Petroleum Storage Tank Excess Liability Trust Fund (IC 13-23-7-1)			
Personal Services	1,009,924	1,009,924	
Other Operating Expense	44,876,323	44,876,323	
Augmentation allowed.			

**WASTE TIRE
 MANAGEMENT**

Waste Tire Management Fund (IC 13-20-13-8)			
Total Operating Expense	1,100,000	1,100,000	
Augmentation allowed.			

**VOLUNTARY
 COMPLIANCE**

Environmental Management Special Fund (IC 13-14-12-1)			
Personal Services	166,994	166,994	
Other Operating Expense	183,752	183,752	
Augmentation allowed.			

**ENVIRONMENTAL
 MANAGEMENT SPECIAL
 FUND - OPERATING**

Environmental Management Special Fund (IC 13-14-12-1)			
Total Operating Expense	400,000	400,000	
Augmentation allowed.			

**SMALL TOWN
 COMPLIANCE**

Environmental Management Special Fund (IC 13-14-12-1)			
Total Operating Expense	60,000	60,000	
Augmentation allowed.			

**STATE INNOVATION -
 CLEAN COMMUNITIES
 CHALLENGE**

Total Operating Expense	21,682	0	
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**PETROLEUM TRUST -
 OPERATING**

Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)			
Personal Services	185,637	185,637	
Other Operating Expense	377,962	377,962	
Augmentation allowed.			

**LEAD BASED PAINT
 ACTIVITIES PROGRAM**

Lead Trust Fund (IC 13-17-14-6)			
Total Operating Expense	21,736	21,736	
Augmentation allowed.			

Notwithstanding any other law, with the approval of the Governor and the budget agency, the above appropriations for hazardous waste management permitting, wetlands protection, watershed management, groundwater program, underground storage tanks, air management operating, asbestos trust

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operating, lead based paint activities program, water management nonpermitting, pollution prevention incentives for states, safe drinking water program, and any other appropriation eligible to be included in a performance partnership grant may be used to fund activities incorporated into a performance partnership grant between the United States Environmental Protection Agency and the department of environmental management.

FOR THE OFFICE OF ENVIRONMENTAL ADJUDICATION

Personal Services	361,013	361,013
Other Operating Expense	108,158	90,282

SECTION 6. [EFFECTIVE JULY 1, 2007]

ECONOMIC DEVELOPMENT

A. AGRICULTURE

FOR THE DEPARTMENT OF AGRICULTURE

Personal Services	1,880,083	1,880,083
Other Operating Expense	605,366	605,366

VALUE ADDED RESEARCH Value Added Research Fund (IC 4-4-3.4-4)

Total Operating Expense		1,311,000
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CLEAN WATER INDIANA General Fund

Total Operating Expense	500,000	500,000
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Cigarette Tax Fund (IC 6-7-1-29.3)

Total Operating Expense	3,750,000	3,750,000
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Augmentation allowed.

SOIL CONSERVATION DIVISION

Cigarette Tax Fund (IC 6-7-1-29.1)

Total Operating Expense	1,937,652	1,937,652
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Augmentation allowed.

GRAIN BUYERS AND WAREHOUSE

LICENSING AGENCY

Grain Buyers and Warehouse Licensing Agency Fund

(IC 26-3-7-6.3)

Total Operating Expense	160,000	160,000
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Augmentation allowed.

B. COMMERCE

FOR THE LIEUTENANT GOVERNOR

OFFICE OF

RURAL AFFAIRS

Personal Services	1,514,377	1,514,377
Other Operating Expense	410,322	410,322

RURAL ECONOMIC DEVELOPMENT FUND

Tobacco Master

Settlement Agreement

Fund (IC 4-12-1-14.3)

Total Operating Expense	3,603,480	3,603,480
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OFFICE OF TOURISM

Total Operating Expense	4,813,369	4,813,369
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RECYCLING

PROMOTION AND

ASSISTANCE PROGRAM

Indiana Recycling

Promotion and

Assistance Fund

(IC 4-23-5.5-14)

Total Operating Expense	1,395,000	1,395,000
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Augmentation allowed.

STATE ENERGY PROGRAM

Total Operating Expense	263,788	263,788
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FOOD ASSISTANCE PROGRAM

Total Operating Expense	145,506	145,506
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FOR THE INDIANA

ECONOMIC

DEVELOPMENT

CORPORATION

ADMINISTRATIVE AND FINANCIAL SERVICES

From the General Fund

	6,611,741	6,611,741
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From the Training 2000 Fund (IC 5-28-7-5)

	185,630	185,630
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From the Industrial Development Grant

Fund (IC 5-28-25-4)

	52,139	52,139
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The amounts specified from the General Fund, Training 2000

1750 Senate

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Fund, and Industrial Development Grant Fund are for the following purposes:

Total Operating Expense 6,849,510 6,849,510

INDIANA LIFE SCIENCES

Total Operating Expense 0 20,000,000

The above appropriations are to provide grants of \$15,000,000 to Indiana University School of Medicine and grants of \$5,000,000 to Purdue University to support the recruitment and retention of world class scientists specializing in the life sciences.

21ST CENTURY RESEARCH AND TECHNOLOGY FUND

Total Operating Expense 34,875,000 34,875,000

IN HIGH GROWTH BUSINESS INCENTIVE FUND (IC 5-28)

Total Operating Expense 3,000,000 3,000,000

INTERNATIONAL TRADE

Total Operating Expense 1,297,049 1,297,049

ENTERPRISE ZONE PROGRAM

Indiana Enterprise Zone Fund (IC 5-28-15-6)

Total Operating Expense 241,860 241,860

Augmentation allowed.

LOCAL ECONOMIC DEVELOPMENT ORGANIZATION/ REGIONAL ECONOMIC DEVELOPMENT ORGANIZATION (LEDO/REDO) MATCHING GRANT PROGRAM

Total Operating Expense 1,767,000

TRAINING 2000

General Fund

Total Operating Expense 21,529,536

Training 2000 Fund (IC 5-28-7-5)

Total Operating Expense 4,470,464

Augmentation allowed.

BUSINESS PROMOTION PROGRAM

Total Operating Expense 2,112,502

TRADE PROMOTION PROGRAM

Total Operating Expense 186,000 186,000

ECONOMIC DEVELOPMENT GRANT AND LOAN PROGRAM

General Fund

Total Operating Expense 1,116,000

Economic Development Fund (IC 5-28-8-5)

Total Operating Expense 384,000

Augmentation allowed.

INDUSTRIAL DEVELOPMENT GRANT PROGRAM

General Fund

Total Operating Expense 6,500,000

Industrial Development Grant Fund (IC 5-28-25-4)

Total Operating Expense 1,555,000

Augmentation allowed.

TECHNOLOGY DEVELOPMENT GRANT PROGRAM

Total Operating Expense 2,100,000 2,100,000

STRATEGIC DEVELOPMENT FUND

Strategic

Development Fund

Total Operating Expense 30,000

FOR THE INDIANA FINANCE AUTHORITY (IFA)

CAPITAL ACCESS PROGRAM

Total Operating Expense 1,155,524

ENVIRONMENTAL REMEDIATION REVOLVING LOAN PROGRAM

Total Operating Expense 2,325,000

PROJECT GUARANTY PROGRAM

Total Operating Expense 1,674,000

BUSINESS DEVELOPMENT LOAN PROGRAM

Total Operating Expense 1,860,000

FOR THE HOUSING AND COMMUNITY DEVELOPMENT

AUTHORITY

INDIANA INDIVIDUAL DEVELOPMENT

April 29, 2007

Senate 1751

<i>FY 2007-08</i>	<i>FY 2008-09</i>	<i>Biennial</i>
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<i>FY 2007-08</i>	<i>FY 2008-09</i>	<i>Biennial</i>
<i>Appro.</i>	<i>Appro.</i>	<i>Appro.</i>

ACCOUNTS

Total Operating Expense	1,600,000	1,800,000
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The housing and community development authority shall collect and report to the family and social services administration (FSSA) all data required for FSSA to meet the data collection and reporting requirements in 45 CFR Part 265.

Family and social services administration, division of family resources shall apply all qualifying expenditures for individual development accounts deposits toward Indiana's maintenance of effort under the federal Temporary Assistance to Needy Families (TANF) program (45 CFR 260 et seq.).

**MORTGAGE
FORECLOSURE
COUNSELING**

Total Operating Expense	400,000	400,000
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**C. EMPLOYMENT
SERVICES**

**FOR THE DEPARTMENT
OF WORKFORCE
DEVELOPMENT
ADMINISTRATION**

Total Operating Expense	1,681,603	1,681,603
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**SEXUAL ASSAULT
VICTIMS ASSISTANCE**

Sexual Assault Victims
Assistance Account
(IC 4-23-25-11(i))

Total Operating Expense	49,000	49,000
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The full amount of the above appropriations shall be distributed to rape crisis centers in Indiana without any deduction of personal services or other operating expenses of any state agency.

WOMEN'S COMMISSION

Personal Services	135,000	135,000
Other Operating Expense	20,627	20,627

**NATIVE AMERICAN
INDIAN AFFAIRS
COMMISSION**

Total Operating Expense	100,000	100,000
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**COMMISSION ON
HISPANIC/LATINO
AFFAIRS**

Tobacco Master
Settlement Agreement
Fund (IC 4-12-1-14.3)

Total Operating Expense	145,000	145,000
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The above appropriations are in addition to any funding for the commission derived from funds appropriated to the department of workforce development.

**D. OTHER ECONOMIC
DEVELOPMENT**

**FOR THE INDIANA
HIGHER EDUCATION
TELECOMMUNICATIONS
SYSTEM**

I-LIGHT 2 -

BLACK FIBER

Total Operating Expense	11,000,000
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The Indiana higher education telecommunications system shall administer the I-Light 2-Black Fiber project.

The above appropriation includes \$7,000,000 of funding to the I-Light 2-Black Fiber and \$4,000,000 of funding for I-Span.

SECTION 7. [EFFECTIVE JULY 1, 2007]

TRANSPORTATION

**FOR THE DEPARTMENT
OF TRANSPORTATION**

For the conduct and operation of the department of transportation, the following sums are appropriated for the periods designated, from the state general fund, the public mass transportation fund, the industrial rail service fund, the state highway fund, the motor vehicle highway account, the distressed road fund, the state highway road construction and improvement fund, the motor carrier regulation fund, and the crossroads 2000 fund.

INTERMODAL OPERATING

From the State Highway
Fund (IC 8-23-9-54)

491,232	491,232
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From the Department of
Transportation
Administration Fund

13,680	13,680
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From the Public Mass
Transportation Fund
(IC 8-23-3-8)

336,609	336,609
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From the Industrial
Rail Service Fund

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(IC 8-3-1.7-2)

336,609 336,609

Augmentation allowed from the State Highway Fund, Public Mass Transportation Fund, and Industrial Rail Service Fund.

The appropriations are to be used solely for the promotion and development of public transportation. The department of transportation shall allocate funds based on a formula approved by the commissioner of the department of transportation.

The amounts specified from the State Highway Fund, the Public Mass Transportation Fund, and the Industrial Rail Service Fund are for the following purposes:

The department of transportation may distribute public mass transportation funds to an eligible grantee that provides public transportation in Indiana.

Personal Services	1,096,965	1,096,965
Other Operating Expense	81,165	81,165

The state funds can be used to match federal funds available under the Federal Transit Act (49 U.S.C. 1601, et seq.), or local funds from a requesting grantee.

INTERMODAL GRANT

PROGRAM

Department of Transportation Administration Fund

Total Operating Expense	42,000	42,000
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Before funds may be disbursed to a grantee, the grantee must submit its request for financial assistance to the department of transportation for approval. Allocations must be approved by the governor and the budget agency after review by the budget committee and shall be made on a reimbursement basis. Only applications for capital and operating assistance may be approved. Only those grantees that have met the reporting requirements under IC 8-23-3 are eligible for assistance under this appropriation.

Public Mass Transportation Fund (IC 8-23-3-8)

Total Operating Expense	37,500	37,500
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Augmentation allowed from Public Mass Transportation Fund.

RAILROAD GRADE

CROSSING

IMPROVEMENT

State Highway Fund (IC 8-23-9-54)

Total Operating Expense	500,000	500,000
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HIGHWAY OPERATING

State Highway Fund

(IC 8-23-9-54)

Personal Services	256,004,351	268,000,991
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Other Operating Expense	54,953,221	56,348,993
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HIGH SPEED RAIL

Industrial Rail Service Fund

Matching Funds	40,000
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HIGHWAY BUILDINGS

AND GROUNDS

State Highway Fund

(IC 8-23-9-54)

Total Operating Expense	25,000,000
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Augmentation allowed.

PUBLIC MASS

TRANSPORTATION

Public Mass Transportation Fund (IC 8-23-3-8)

Total Operating Expense	34,874,267	35,583,434
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Augmentation allowed.

The above appropriations for highway buildings and grounds may be used for land acquisition, site development, construction and equipping of new highway facilities and for maintenance, repair, and rehabilitation of existing state highway facilities after review by the budget committee.

In addition to the above appropriation from the public mass transportation fund, the increase in the deposits to the public transportation fund resulting from the amendment of IC 6-2.5-10-1 by this act are appropriated for public mass transportation, total operating expenses in the year the additional amount is deposited. Any unencumbered amount remaining from this appropriation at the end of a state fiscal year remains available in subsequent state fiscal years for the purposes for which it is appropriated.

HIGHWAY VEHICLE

AND ROAD

MAINTENANCE

EQUIPMENT

State Highway Fund

(IC 8-23-9-54)

Other Operating Expense	20,420,600	20,420,600
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The above appropriations for highway operating and highway vehicle and road maintenance equipment may be used for personal services, equipment, and other operating expense,

including the cost of transportation for the governor.

**HIGHWAY
 MAINTENANCE
 WORK PROGRAM**

State Highway Fund (IC 8-23-9-54)		
Other Operating Expense	75,480,000	76,989,600

The above appropriations for the highway maintenance work program may be used for:

- (1) materials for patching roadways and shoulders;
- (2) repairing and painting bridges;
- (3) installing signs and signals and painting roadways for traffic control;
- (4) mowing, herbicide application, and brush control;
- (5) drainage control;
- (6) maintenance of rest areas, public roads on properties of the department of natural resources, and driveways on the premises of all state facilities;
- (7) materials for snow and ice removal;
- (8) utility costs for roadway lighting; and
- (9) other special maintenance and support activities consistent with the highway maintenance work program.

**HIGHWAY CAPITAL
 IMPROVEMENTS**

State Highway Fund (IC 8-23-9-54)		
Right-of-Way		
Expense	30,000,000	43,200,000
Formal Contracts		
Expense	64,897,733	46,652,354
Consulting Services		
Expense	48,000,000	47,200,000
Institutional Road		
Construction	5,000,000	5,000,000

The above appropriations for the capital improvements program may be used for:

- (1) bridge rehabilitation and replacement;
- (2) road construction, reconstruction, or replacement;
- (3) construction, reconstruction, or replacement of travel lanes, intersections, grade separations, rest parks, and weigh stations;
- (4) relocation and modernization of existing roads;
- (5) resurfacing;
- (6) erosion and slide control;
- (7) construction and improvement of railroad grade crossings, including the use of the appropriations to match federal funds for projects;
- (8) small structure replacements;
- (9) safety and spot improvements; and

(10) right-of-way, relocation, and engineering and consulting expenses associated with any of the above types of projects.

The appropriations for highway operating, highway vehicle and road maintenance equipment, highway buildings and grounds, the highway planning and research program, the highway maintenance work program, and highway capital improvements are appropriated from estimated revenues, which include the following:

- (1) Funds distributed to the state highway fund from the motor vehicle highway account under IC 8-14-1-3(4).
- (2) Funds distributed to the state highway fund from the highway, road and street fund under IC 8-14-2-3.
- (3) All fees and miscellaneous revenues deposited in or accruing to the state highway fund under IC 8-23-9-54.
- (4) Any unencumbered funds carried forward in the state highway fund from any previous fiscal year.
- (5) All other funds appropriated or made available to the department of transportation by the general assembly.

If funds from sources set out above for the department of transportation exceed appropriations from those sources to the department, the excess amount is hereby appropriated to be used for formal contracts with approval of the governor and the budget agency.

If there is a change in a statute reducing or increasing revenue for department use, the budget agency shall notify the auditor of state to adjust the above appropriations to reflect the estimated increase or decrease. Upon the request of the department, the budget agency, with the approval of the governor, may allot any increase in appropriations to the department for formal contracts.

If the department of transportation finds that an emergency exists or that an appropriation will be insufficient to cover expenses incurred in the normal operation of the department, the budget agency may, upon request of the department, and with the approval of the governor, transfer funds from revenue sources set out above from one (1) appropriation to the deficient appropriation. No appropriation from the state highway fund may be used to fund any toll road or toll bridge project except as specifically provided for under IC 8-15-2-20.

**HIGHWAY PLANNING
 AND RESEARCH
 PROGRAM**

State Highway Fund (IC 8-23-9-54)		
Total Operating Expense	3,605,000	3,713,150

**STATE HIGHWAY ROAD
 CONSTRUCTION**

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AND IMPROVEMENT PROGRAM

State Highway Road Construction Improvement Fund (IC 8-14-10-5)

Lease Rental Payments Expense 63,487,461 64,806,454
 Augmentation allowed.

The above appropriations for the state highway road construction and improvement program are appropriated from the state highway road construction and improvement fund provided in IC 8-14-10-5 and may include any unencumbered funds carried forward from any previous fiscal year. The funds shall be first used for payment of rentals and leases relating to projects under IC 8-14.5. If any funds remain, the funds may be used for the following purposes.

- (1) road and bridge construction, reconstruction, or replacement;
- (2) construction, reconstruction, or replacement of travel lanes, intersections, and grade separations;
- (3) relocation and modernization of existing roads; and
- (4) right-of-way, relocation, and engineering and consulting expenses associated with any of the above types of projects.

CROSSROADS 2000 PROGRAM

Crossroads 2000 Fund (IC 8-14-10-9)

Lease Rental Payment Expense 35,928,754 36,288,042
 Augmentation allowed.

The above appropriations for the crossroads 2000 program are appropriated from the crossroads 2000 fund provided in IC 8-14-10-9 and may include any unencumbered funds carried forward from any previous fiscal year. The funds shall be first used for payment of rentals and leases relating to projects under IC 8-14-10-9. If any funds remain, the funds may be used for the following purposes.

- (1) road and bridge construction, reconstruction, or replacement;
- (2) construction, reconstruction, or replacement of travel lanes, intersections, and grade separations;
- (3) relocation and modernization of existing roads; and
- (4) right-of-way, relocation, and engineering and consulting expenses associated with any of the above types of projects.

MAJOR MOVES CONSTRUCTION PROGRAM

Major Moves

Construction Fund (IC 8-14-14-5)

Formal Contracts Expense 421,000,000 611,000,000

FEDERAL APPORTIONMENT

Right-of-Way Expense 64,000,000 74,700,000
 Formal Contracts Expense 425,788,221 492,103,311
 Consulting Engineers Expense 149,121,779 108,804,989
 Highway Planning and Research 13,390,000 13,791,700
 Local Government Revolving Acct. 180,000,000 180,000,000

The department may establish an account to be known as the "local government revolving account". The account is to be used to administer the federal-local highway construction program. All contracts issued and all funds received for federal-local projects under this program shall be entered into this account.

If the federal apportionments for the fiscal years covered by this act exceed the above estimated appropriations for the department or for local governments, the excess federal apportionment is hereby appropriated for use by the department with the approval of the governor and the budget agency.

The department shall bill, in a timely manner, the federal government for all department payments that are eligible for total or partial reimbursement.

The department may let contracts and enter into agreements for construction and preliminary engineering during each year of the 2007-2009 biennium that obligate not more than one-third (1/3) of the amount of state funds estimated by the department to be available for appropriation in the following year for formal contracts and consulting engineers for the capital improvements program.

Under IC 8-23-5-7(a), the department, with the approval of the governor, may construct and maintain roadside parks and highways where highways will connect any state highway now existing, or hereafter constructed, with any state park, state forest preserve, state game preserve, or the grounds of any state institution. There is appropriated to the department of transportation an amount sufficient to carry out the provisions of this paragraph. Under IC 8-23-5-7(d), such appropriations shall be made from the motor vehicle highway account before distribution to local units of government.

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Senate 1755

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LOCAL TECHNICAL ASSISTANCE AND RESEARCH

Under IC 8-14-1-3(6), there is appropriated to the department of transportation an amount sufficient for:
(1) the program of technical assistance under IC 8-23-2-5(6); and
(2) the research and highway extension program conducted for local government under IC 8-17-7-4.

The department shall develop an annual program of work for research and extension in cooperation with those units being served, listing the types of research and educational programs to be undertaken. The commissioner of the department of transportation may make a grant under this appropriation to the institution or agency selected to conduct the annual work program. Under IC 8-14-1-3(6), appropriations for the program of technical assistance and for the program of research and extension shall be taken from the local share of the motor vehicle highway account.

Under IC 8-14-1-3(7) there is hereby appropriated such sums as are necessary to maintain a sufficient working balance in accounts established to match federal and local money for highway projects. These funds are appropriated from the following sources in the proportion specified:
(1) one-half (1/2) from the forty-seven percent (47%) set aside of the motor vehicle highway account under IC 8-14-1-3(7); and
(2) for counties and for those cities and towns with a population greater than five thousand (5,000), one-half (1/2) from the distressed road fund under IC 8-14-8-2.

SECTION 8. [EFFECTIVE JULY 1, 2007]

FAMILY AND SOCIAL SERVICES, HEALTH, AND VETERANS' AFFAIRS

A. FAMILY AND SOCIAL SERVICES

FOR THE STATE BUDGET AGENCY

INDIANA PRESCRIPTION DRUG PROGRAM

Tobacco Master
Settlement Agreement
Fund (IC 4-12-1-14.3)
Total Operating Expense 7,900,000 7,900,000

FOR THE FAMILY AND SOCIAL SERVICES ADMINISTRATION

CHILDREN'S HEALTH INSURANCE PROGRAM

Tobacco Master
Settlement Agreement
Fund (IC 4-12-1-14.3)
Total Operating Expense 31,363,603 33,863,603

FAMILY AND SOCIAL SERVICES ADMINISTRATION

Total Operating Expense 23,653,777 25,253,777

OFFICE OF MEDICAID POLICY AND PLANNING - ADMINISTRATION

Total Operating Expense 7,147,309 7,147,309

MEDICAID ADMINISTRATION

Total Operating Expense 37,554,190 37,554,190

MEDICAID - CURRENT OBLIGATIONS

General Fund
Total Operating Expense 1,540,350,000 1,617,367,500

The auditor of state shall transfer thirty million dollars (\$30,000,000) from the Indiana Medicaid reserve account to the state general fund before July 1, 2008. The transferred amount shall be used to fund the above appropriations.

The foregoing appropriations for Medicaid current obligations and for Medicaid administration are for the purpose of enabling the office of Medicaid policy and planning to carry out all services as provided in IC 12-8-6. In addition to the above appropriations, all money received from the federal government and paid into the state treasury as a grant or allowance is appropriated and shall be expended by the office of Medicaid policy and planning for the respective purposes for which the money was allocated and paid to the state. Subject to the provisions of P.L.46-1995, if the sums herein appropriated for Medicaid current obligations and for Medicaid administration are insufficient to enable the office of Medicaid policy and planning to meet its obligations, then there is appropriated from the general fund such further sums as may be necessary for that purpose, subject to the approval of the governor and the budget agency.

The foregoing appropriations include funds to serve former residents of the Ft. Wayne development center in alternative settings.

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 Appro. Appro. Appro.

HOSPITAL CARE FOR THE INDIGENT FUND

Hospital Care for the Indigent Fund (IC 12-16-14-6)

Total Operating Expense 56,900,000 56,900,000
 Augmentation allowed.

Subject to the approval of the governor and the budget agency, the foregoing appropriations for Medicaid - Current Obligations may be augmented or reduced based on revenues accruing to the hospital care for the indigent fund.

MEDICAID DISABILITY ELIGIBILITY EXAMS

Total Operating Expense 1,597,500 1,597,500

MENTAL HEALTH ADMINISTRATION

Other Operating Expense 4,164,368 3,945,313

Two hundred seventy-five thousand dollars (\$275,000) of the above appropriation for the state fiscal year beginning July 1, 2007, and ending June 30, 2008, and two hundred seventy-five thousand dollars (\$275,000) of the above appropriation for the state fiscal year beginning July 1, 2008, and ending June 30, 2009, shall be distributed in the state fiscal year to neighborhood based community service programs.

SERIOUSLY EMOTIONALLY DISTURBED

Total Operating Expense 16,469,493 16,469,493

SERIOUSLY MENTALLY ILL

General Fund

Total Operating Expense 93,862,579 93,862,579

Mental Health Centers Fund (IC 6-7-1)

Total Operating Expense 4,445,000 4,445,000

Augmentation allowed.

COMMUNITY MENTAL HEALTH CENTERS

General Fund

Total Operating Expense 2,500,000 2,500,000

Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)

Total Operating Expense 4,500,000 4,500,000

The above appropriation from the Tobacco Master Settlement Agreement Fund is in addition to other funds. The above appropriations for comprehensive community mental health services include the intragovernmental transfers necessary to

provide the nonfederal share of reimbursement under the Medicaid rehabilitation option.

The comprehensive community mental health centers shall submit their proposed annual budgets (including income and operating statements) to the budget agency on or before August 1 of each year. All federal funds shall be applied in augmentation of the foregoing funds rather than in place of any part of the funds. The office of the secretary, with the approval of the budget agency, shall determine an equitable allocation of the appropriation among the mental health centers.

GAMBLERS' ASSISTANCE

Gamblers' Assistance Fund (IC 4-33-12-6)

Total Operating Expense 4,250,000 4,250,000

SUBSTANCE ABUSE TREATMENT

Total Operating Expense 5,006,000 5,006,000

The above appropriation for total operating expense for Substance Abuse Treatment includes an amount of \$12,500 each year of the biennium for the employment of a drug and alcohol abuse counselor for the Jefferson County Transitional Services, Inc. The amount provided for these purposes may not be used for any other purpose.

QUALITY ASSURANCE/ RESEARCH

Total Operating Expense 838,000 838,000

PREVENTION

Gamblers' Assistance Fund (IC 4-33-12-6)

Total Operating Expense 2,946,936 2,946,936

Augmentation allowed.

METHADONE

DIVERSION

CONTROL

OVERSIGHT

(MDCO) PROGRAM

MDCO Fund (IC 12-23-18)

Total Operating Expense 470,000 470,000

Augmentation allowed.

DMHA YOUTH

TOBACCO

REDUCTION SUPPORT

PROGRAM

Gamblers' Assistance Fund (IC 4-33-12-6)

Total Operating Expense 54,000 54,000

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Augmentation allowed.
EVANSVILLE
STATE HOSPITAL
General Fund

	19,742,381	20,370,852
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Mental Health Fund
(IC 12-24-14-4)

	1,148,082	1,184,515
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Augmentation allowed.
The amounts specified from the general fund and the mental health fund are for the following purposes:

Personal Services	16,109,469	16,641,954
Other Operating Expense	4,780,994	4,913,413

LARUE CARTER
MEMORIAL HOSPITAL
General Fund

	19,720,483	20,055,861
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Mental Health Fund
(IC 12-24-14-4)

	434,611	442,002
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Augmentation allowed.
The amounts specified from the general fund and the mental health fund are for the following purposes:

Personal Services	14,342,859	14,407,858
Other Operating Expense	5,812,235	6,090,005

LOGANSFORT
STATE HOSPITAL
General Fund

	38,505,491	38,505,491
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Mental Health Fund
(IC 12-24-14-4)

	1,772,867	1,772,867
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Augmentation allowed.
The amounts specified from the general fund and the mental health fund are for the following purposes:

Personal Services	30,581,477	30,581,477
Other Operating Expense	9,696,881	9,696,881

FARM REVENUE
Total Operating Expense

	53,857	53,857
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MADISON
STATE HOSPITAL
General Fund

	24,446,358	25,076,297
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Mental Health Fund
(IC 12-24-14-4)

	603,896	617,947
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Augmentation allowed.
The amounts specified from the general fund and the mental health fund are for the following purposes:

Personal Services	19,507,771	19,894,862
Other Operating Expense	5,542,483	5,799,382

RICHMOND
STATE HOSPITAL
General Fund

	30,492,519	30,492,519
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Mental Health Fund
(IC 12-24-14-4)

	838,545	838,545
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Augmentation allowed.
The amounts specified from the general fund and the mental health fund are for the following purposes:

Personal Services	25,013,994	25,013,994
Other Operating Expense	6,317,070	6,317,070

PATIENT PAYROLL
Total Operating Expense

	294,624	294,624
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The federal share of revenue accruing to the state mental health institutions under IC 12-15, based on the applicable Federal Medical Assistance Percentage (FMAP), shall be deposited in the mental health fund established by IC 12-24-14-1, and the remainder shall be deposited in the general fund.

In addition to the above appropriations, each institution may qualify for an additional appropriation, or allotment, subject to approval of the governor and the budget agency, from the mental health fund of up to twenty percent (20%), but not to exceed \$50,000 in each fiscal year, of the amount by which actual net collections exceed an amount specified in writing by the division of mental health and addiction before July 1 of each year beginning July 1, 2007.

DIVISION OF FAMILY
RESOURCES
ADMINISTRATION

Personal Services	7,032,357	7,032,357
Other Operating Expense	1,097,402	1,097,402

COMMISSION ON THE
SOCIAL STATUS OF
BLACK MALES

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	<i>Appro.</i>	<i>Appro.</i>	<i>Appro.</i>
Total Operating Expense	139,620	139,620	
CHILD CARE LICENSING FUND			
Child Care Fund			
Total Operating Expense	100,000	100,000	
Augmentation allowed.			
ELECTRONIC BENEFIT TRANSFER PROGRAM			
Total Operating Expense	2,568,096	2,568,096	

The foregoing appropriations for the division of family resources Title IV-D of the federal Social Security Act are made under, and not in addition to, IC 31-25-4-28.

STATE WELFARE - COUNTY ADMINISTRATION			
Total Operating Expense	71,671,317	68,982,957	
INDIANA CLIENT ELIGIBILITY SYSTEM (ICES)			
Total Operating Expense	7,507,050	7,507,050	
IMPACT PROGRAM			
Total Operating Expense	2,449,580	2,449,683	
TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)			
Total Operating Expense	30,457,943	30,457,943	
IMPACT - TANF			
Total Operating Expense	5,768,527	5,768,672	
CHILD CARE & DEVELOPMENT FUND			
Total Operating Expense	35,056,200	35,056,200	

The foregoing appropriations for information systems/technology, education and training, temporary assistance to needy families (TANF), and child care services are for the purpose of enabling the division of family resources to carry out all services as provided in IC 12-14. In addition to the above appropriations, all money received from the federal government and paid into the state treasury as a grant or allowance is appropriated and shall be expended by the division of family resources for the respective purposes for which such money was allocated and paid to the state.

BURIAL EXPENSES			
Total Operating Expense	1,597,500	1,597,500	
DOMESTIC VIOLENCE PREVENTION AND TREATMENT			
General Fund			

	<i>FY 2007-08</i>	<i>FY 2008-09</i>	<i>Biennial</i>
	<i>Appro.</i>	<i>Appro.</i>	<i>Appro.</i>
Total Operating Expense	1,015,462	1,015,462	
Domestic Violence Prevention and Treatment Fund (IC 12-18-4)			
Total Operating Expense	1,118,596	1,118,596	
Augmentation allowed.			
STEP AHEAD			
Total Operating Expense	1,789,082	1,789,312	
SCHOOL AGE CHILD CARE PROJECT FUND			
Total Operating Expense	850,000	950,000	
DIVISION OF AGING ADMINISTRATION			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Personal Services	250,904	250,904	
Other Operating Expense	1,253,140	1,253,140	

The above appropriations for the division of aging administration are for administrative expenses. Any federal fund reimbursements received for such purposes are to be deposited in the general fund.

ROOM AND BOARD ASSISTANCE (R-CAP)			
Total Operating Expense	11,421,472	11,421,472	
C.H.O.I.C.E. IN-HOME SERVICES			
Total Operating Expense	48,765,643	48,765,643	

The foregoing appropriations for C.H.O.I.C.E. In-Home Services include intragovernmental transfers to provide the nonfederal share of the Medicaid aged and disabled waiver. The intragovernmental transfers for use in the Medicaid aged and disabled waiver may not exceed in the state fiscal year beginning July 1, 2007, and ending June 30, 2008, \$10,900,000, and the intragovernmental transfers for use in the Medicaid aged and disabled waiver may not exceed in the state fiscal year beginning July 1, 2008, and ending June 30, 2009, \$12,900,000. After July 1, 2007, and before August 1, 2009, the office (as defined in IC 12-7-2-135) shall submit a report to the legislative council in an electronic format under IC 5-14-6 and the governor in each July, October, January, and April specifying the number of persons on the waiting list for C.H.O.I.C.E. In-Home Services at the end of the month preceding the date of the report, a schedule indicating the length of time persons have been on the waiting list, a description of the conditions or problems that contribute to the waiting list, the plan in the next six (6) months after the end of the reporting period to reduce the waiting list, and any other

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information that is necessary or appropriate to interpret the information provided in the report.

The division of aging shall conduct an annual evaluation of the cost effectiveness of providing home care. Before January of each year, the division shall submit a report to the budget committee, the budget agency, and the legislative council that covers all aspects of the division's evaluation and such other information pertaining thereto as may be requested by the budget committee, the budget agency, or the legislative council, including the following:

- (1) the number and demographic characteristics of the recipients of home care during the preceding fiscal year;
- (2) the total cost and per recipient cost of providing home care services during the preceding fiscal year;
- (3) the number of recipients of home care services who would have been placed in long term care facilities had they not received home care services; and
- (4) the total cost savings during the preceding fiscal year realized by the state due to recipients of home care services (including Medicaid) being diverted from long term care facilities.

The division shall obtain from providers of services data on their costs and expenditures regarding implementation of the program and report the findings to the budget committee, the budget agency, and the legislative council. The report to the legislative council must be in an electronic format under IC 5-14-6.

The foregoing appropriations for C.H.O.I.C.E. In-Home Services do not revert to the state general fund or any other fund at the close of any state fiscal year but remain available for the purposes of C.H.O.I.C.E. In-Home Services in subsequent state fiscal years.

OLDER HOOSIERS ACT		
Total Operating Expense	1,662,109	1,622,109
ADULT PROTECTIVE SERVICES		
Total Operating Expense	2,021,540	2,021,540
ADULT GUARDIANSHIP SERVICES		
Total Operating Expense	491,863	491,892
TITLE V EMPLOYMENT GRANT (OLDER WORKERS)		
Total Operating Expense	228,256	228,256
MEDICAID WAIVER		
Total Operating Expense	316,333	316,390
OBRA/PASSARR		
Total Operating Expense	90,212	90,268
TITLE III ADMINISTRATION		

GRANT		
Total Operating Expense	329,839	249,839
OMBUDSMAN		
Total Operating Expense	305,226	305,226

DIVISION OF DISABILITY AND REHABILITATIVE SERVICES ADMINISTRATION		
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Total Operating Expense	600,000	600,000

VOCATIONAL REHABILITATION SERVICES		
Personal Services	3,690,009	3,690,009
Other Operating Expense	12,058,917	12,058,917

From the above appropriations, at least three hundred thirty-three thousand dollars (\$333,000) in each state fiscal year shall be used for the Attain Program.

ENDANGERED ADULT GUARDIANSHIP PROGRAM		
Total Operating Expense	400,000	600,000

The above appropriations are for six pilot programs, including Lake County and St. Joseph County.

AID TO INDEPENDENT LIVING INDIANAPOLIS RESOURCE CENTER FOR INDEPENDENT LIVING		
Total Operating Expense	46,927	46,927
SOUTHERN INDIANA CENTER FOR INDEPENDENT LIVING		
Total Operating Expense	265,651	265,651
ATTIC, INCORPORATED		
Total Operating Expense	265,651	265,651
LEAGUE FOR THE BLIND AND DISABLED		
Total Operating Expense	265,651	265,651
FUTURE CHOICES, INC.		
Total Operating Expense	479,130	479,130
THE WABASH INDEPENDENT LIVING		

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AND LEARNING CENTER, INC.
Total Operating Expense 479,130 479,130

INDEPENDENT LIVING CENTER OF EASTERN INDIANA
Total Operating Expense 479,130 479,130

Notwithstanding any other law, the budget agency, the state board of finance, or the governor may not transfer or use any of the above appropriations to a particular purpose or facility than the above stated purpose or facility. The office (as defined in IC 12-7-2-135) shall act as the paymaster for the above appropriations.

OFFICE OF DEAF AND HEARING IMPAIRED
Personal Services 214,530 214,530
Other Operating Expense 114,590 114,590

BLIND VENDING OPERATIONS
Total Operating Expense 129,879 129,905

DEVELOPMENTAL DISABILITY RESIDENTIAL FACILITIES COUNCIL
Personal Services 2,970 2,970
Other Operating Expense 13,168 13,168

OFFICE OF SERVICES FOR THE BLIND AND VISUALLY IMPAIRED
Personal Services 48,973 48,973
Other Operating Expense 32,663 32,663

EMPLOYEE TRAINING BUREAU OF QUALITY IMPROVEMENT SERVICES - BQIS
Total Operating Expense 1,919,027 1,919,027

DAY SERVICES - DEVELOPMENTALLY DISABLED
Other Operating Expense 12,500,000 12,500,000

DIAGNOSIS AND EVALUATION SUPPORTED EMPLOYMENT
Other Operating Expense 4,000,000 4,000,000

EPILEPSY PROGRAM CAREGIVER SUPPORT
Other Operating Expense 1,350,000 1,350,000

RESIDENTIAL SERVICES - CASE MANAGEMENT
General Fund
Total Operating Expense 6,957,942 6,788,760

Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)
Total Operating Expense 1,869,887 1,869,887

Augmentation allowed.

CENTRAL REIMBURSEMENT OFFICE PROGRAM ADMINISTRATION
Total Operating Expense 6,399,705 6,339,705

RESIDENTIAL SERVICES FOR DEVELOPMENTALLY DISABLED PERSONS
General Fund
Total Operating Expense 102,467,677 102,467,677

Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)
Total Operating Expense 22,300,000 22,300,000

The above appropriations for residential services for developmentally disabled persons include funds to serve former residents of the Silvercrest Children's Development Center in alternative settings.

The above appropriations for client services include the intragovernmental transfers necessary to provide the nonfederal share of reimbursement under the Medicaid program for day services provided to residents of group homes and nursing facilities.

In the development of new community residential settings for persons with developmental disabilities, the division of disability and rehabilitative services must give priority to the appropriate placement of such persons who are eligible for Medicaid and currently residing in intermediate care or skilled nursing facilities and, to the extent permitted by law, such persons who reside with aged parents or guardians or families in crisis.

FOR THE DEPARTMENT OF CHILD SERVICES
DEPARTMENT OF CHILD SERVICES - ADMINISTRATION
Personal Services 84,381,332 87,984,838
Other Operating Expense 19,266,922 18,512,996

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The above appropriations for the department of child services - administration include funds to add 400 new caseworker positions over the 2008-2009 biennium.

DEPARTMENT OF CHILD SERVICES - STATE ADMINISTRATION

Personal Services 8,437,193 8,437,193
 Other Operating Expense 814,900 787,540

CHILD WELFARE SERVICES STATE GRANTS

General Fund
 Total Operating Expense 10,048,884 10,048,884

Excise and Financial Institution Taxes

Total Operating Expense 6,275,000 6,275,000

Augmentation allowed.

TITLE IV-D OF THE FEDERAL SOCIAL SECURITY ACT (STATE MATCH)

Total Operating Expense 5,282,841 5,282,841

The foregoing appropriations for the department of child services Title IV-D of the federal Social Security Act are made under, and not in addition to, IC 31-25-4-28.

YOUTH SERVICE BUREAU

Total Operating Expense 1,650,000 1,650,000

PROJECT SAFEPLACE

Total Operating Expense 250,000 250,000

HEALTHY FAMILIES INDIANA

Total Operating Expense 6,223,086 6,223,086

CHILD WELFARE TRAINING

Total Operating Expense 1,537,864 1,537,864

SPECIAL NEEDS

ADOPTION II

Personal Services 342,669 342,669

Other Operating Expense 377,009 377,009

ADOPTION ASSISTANCE

Total Operating Expense 12,159,147 13,883,265

The foregoing appropriations for Title IV-B child welfare and adoption assistance represent the maximum state match for Title IV-B and Title IV-E.

SOCIAL SERVICES BLOCK GRANT (SSBG)

Total Operating Expense 20,863,880 20,863,880

The funds appropriated above to the social services block grant are allocated in the following manner during the biennium:

Division of Disability and Rehabilitative Services

343,481 343,481

Division of Family Resources

12,168,423 12,168,423

Division of Aging

687,396 687,396

Department of Child Services

6,072,726 6,072,726

Department of Health

296,504 296,504

Department of Correction

1,295,350 1,295,350

NON-RECURRING ADOPTION ASSISTANCE

Total Operating Expense 625,000 625,000

INDIANA SUPPORT ENFORCEMENT TRACKING (ISETS)

Total Operating Expense 4,972,285 5,312,285

CHILD PROTECTION AUTOMATION PROJECT (ICWIS)

Total Operating Expense 5,421,817 5,421,817

B. PUBLIC HEALTH

FOR THE STATE DEPARTMENT OF HEALTH

General Fund

23,648,061 32,448,061

Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)

8,800,000 0

The amounts specified from the General Fund and the Tobacco Master Settlement Agreement Fund are for the following purposes:

Personal Services 21,945,887 21,945,887

Other Operating Expense 10,502,174 10,502,174

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All receipts to the state department of health from licenses or permit fees shall be deposited in the state general fund. Augmentation allowed in amounts not to exceed revenue from penalties or fees collected by the state department of health.

The above appropriations for the state department of health include funds to establish a medical adverse events reporting system.

CANCER REGISTRY

Tobacco Master
 Settlement Agreement
 Fund (IC 4-12-1-14.3)

Total Operating Expense 648,739 648,739

MINORITY HEALTH INITIATIVE

Tobacco Master
 Settlement Agreement
 Fund (IC 4-12-1-14.3)

Total Operating Expense 3,000,000 3,000,000

The foregoing appropriations shall be allocated to the Indiana Minority Health Coalition to work with the state department on the implementation of IC 16-46-11.

SICKLE CELL

Total Operating Expense 250,000 250,000

AID TO COUNTY

TUBERCULOSIS

HOSPITALS

Tobacco Master
 Settlement Agreement
 Fund (IC 4-12-1-14.3)

Total Operating Expense 99,879 99,879

These funds shall be used for eligible expenses according to IC 16-21-7-3 for tuberculosis patients for whom there are no other sources of reimbursement, including patient resources, health insurance, medical assistance payments, and hospital care for the indigent.

MEDICARE-MEDICAID CERTIFICATION

Total Operating Expense 6,546,029 6,546,029

Personal services augmentation allowed in amounts not to exceed revenue from health facilities license fees or from health care providers (as defined in IC 16-18-2-163) fee increases or those adopted by the Executive Board of the Indiana State Department of Health pursuant to IC 16-19-3.

AIDS EDUCATION

Tobacco Master

Settlement Agreement Fund (IC 4-12-1-14.3)

Personal Services 421,851 422,146
 Other Operating Expense 277,953 277,953

HIV/AIDS SERVICES

Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)

Total Operating Expense 2,162,254 2,162,254

TEST FOR DRUG

AFFLICTED BABIES

Tobacco Master
 Settlement Agreement
 Fund (IC 4-12-1-14.3)

Total Operating Expense 62,496 62,496

The above appropriations for drug afflicted babies shall be used for the following purposes:

- (1) All newborn infants shall be tested for the presence of a controlled substance in the infant's meconium if they meet the criteria established by the state department of health. These criteria will, at a minimum, include all newborns, if at birth:
 - (A) the infant's weight is less than two thousand five hundred (2,500) grams;
 - (B) the infant's head is smaller than the third percentile for the infant's gestational age; and
 - (C) there is no medical explanation for the conditions described in clauses (A) and (B).
- (2) If a meconium test determines the presence of a controlled substance in the infant's meconium, the infant may be declared a child in need of services as provided in IC 31-34-1-10 through IC 31-34-1-13. However, the child's mother may not be prosecuted in connection with the results of the test.
- (3) The state department of health shall provide forms on which the results of a meconium test performed on an infant under subdivision (1) must be reported to the state department of health by physicians and hospitals.
- (4) The state department of health shall, at least semi-annually:
 - (A) ascertain the extent of testing under this chapter; and
 - (B) report its findings under subdivision (1) to:
 - (i) all hospitals;
 - (ii) physicians who specialize in obstetrics and gynecology or work with infants and young children; and
 - (iii) any other group interested in child welfare that requests a copy of the report from the state department of health.
- (5) The state department of health shall designate at least one (1) laboratory to perform the meconium test required under subdivisions (1) through (8). The designated laboratories shall perform a meconium test on each infant described in subdivision (1) to detect the presence of a controlled substance.
- (6) Subdivisions (1) through (7) do not prevent other facilities from conducting tests on infants to detect the presence of a

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controlled substance.

(7) Each hospital and physician shall:

(A) take or cause to be taken a meconium sample from every infant born under the hospital's and physician's care who meets the description under subdivision (1); and

(B) transport or cause to be transported each meconium sample described in clause (A) to a laboratory designated under subdivision (5) to test for the presence of a controlled substance as required under subdivisions (1) through (7).

(8) The state department of health shall establish guidelines to carry out this program, including guidance to physicians, medical schools, and birthing centers as to the following:

(A) Proper and timely sample collection and transportation under subdivision (7) of this appropriation.

(B) Quality testing procedures at the laboratories designated under subdivision (5) of this appropriation.

(C) Uniform reporting procedures.

(D) Appropriate diagnosis and management of affected newborns and counseling and support programs for newborns' families.

(9) A medically appropriate discharge of an infant may not be delayed due to the results of the test described in subdivision (1) or due to the pendency of the results of the test described in subdivision (1).

STATE CHRONIC DISEASES

Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Personal Services	49,014	49,014
Other Operating Expense	1,031,286	1,031,286

At least \$82,560 of the above appropriations shall be for grants to community groups and organizations as provided in IC 16-46-7-8.

WOMEN, INFANTS, AND CHILDREN SUPPLEMENT

Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Total Operating Expense	176,700	176,700

MATERNAL AND CHILD HEALTH SUPPLEMENT

Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Total Operating Expense	176,700	176,700

Notwithstanding IC 6-7-1-30.2, the above appropriations for

the women, infants, and children supplement and maternal and child health supplement are the total appropriations provided for this purpose.

CANCER EDUCATION AND DIAGNOSIS - BREAST CANCER

Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Total Operating Expense	93,000	93,000

CANCER EDUCATION AND DIAGNOSIS - PROSTATE CANCER

Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Total Operating Expense	93,000	93,000

ADOPTION HISTORY
Adoption History Fund (IC 31-19-18-6)

Total Operating Expense	190,796	190,796
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Augmentation allowed.
CHILDREN WITH SPECIAL HEALTH CARE NEEDS

General Fund		
Total Operating Expense	1,700,000	1,700,000

Children with Special Health Care Needs (IC 16-35-4-1)		
Total Operating Expense	8,297,591	8,297,591

Augmentation allowed.
NEWBORN SCREENING PROGRAM

Newborn Screening Fund (IC 16-41-17-11)		
Personal Services	357,071	357,071
Other Operating Expense	1,003,887	1,003,887

Augmentation allowed.
RADON GAS TRUST FUND

Radon Gas Trust Fund (IC 16-41-38-8)		
Total Operating Expense	12,700	12,700

Augmentation allowed.
BIRTH PROBLEMS REGISTRY

Birth Problems Registry Fund (IC 16-38-4-17)		
Personal Services	58,292	58,292
Other Operating Expense	30,012	30,012

Augmentation allowed.

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MOTOR FUEL INSPECTION PROGRAM		
Motor Fuel Inspection Fund (IC 16-44-3-10)		
Total Operating Expense	127,701	127,701
Augmentation allowed.		
PROJECT RESPECT		
Total Operating Expense	554,540	554,540
DONATED DENTAL SERVICES		
Total Operating Expense	42,932	42,932

Fund (IC 16-19-5-4)		
Total Operating Expense	25,300	25,300
Augmentation allowed.		
MINORITY EPIDEMIOLOGY		
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Total Operating Expense	750,000	750,000
COMMUNITY HEALTH CENTERS		
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Total Operating Expense	30,000,000	30,000,000

The above appropriation shall be used by the Indiana foundation for dentistry for the handicapped.

Of the above appropriation for community health centers, \$30,000,000 may be used for capital projects in fiscal year 2007-2008 and fiscal year 2008-2009.

OFFICE OF WOMEN'S HEALTH		
Total Operating Expense	133,463	133,463
SOLDIERS' AND SAILORS' CHILDREN'S HOME		
Personal Services	9,100,938	9,100,938
Other Operating Expense	1,322,500	1,322,500
FARM REVENUE		
Total Operating Expense	22,715	22,715

The office may not waive the prospective payment system for federally qualified health centers.

INDIANA VETERANS' HOME		
From the General Fund		
	13,917,781	13,399,178
From the Comfort-Welfare Fund (IC 10-17-9-7(c))		
	9,764,000	9,764,000

PRENATAL SUBSTANCE USE & PREVENTION		
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Total Operating Expense	150,000	150,000
LOCAL HEALTH MAINTENANCE FUND		
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Total Operating Expense	3,860,000	3,860,000
Augmentation allowed.		

Augmentation allowed from the comfort-welfare fund in amounts not to exceed revenue collected for Medicaid and Medicare reimbursement.

The amount appropriated from the tobacco master settlement agreement fund is in lieu of the appropriation provided for this purpose in IC 6-7-1-30.5 or any other law. Of the above appropriations for the local health maintenance fund, \$60,000 each year shall be used to provide additional funding to adjust funding through the formula in IC 16-46-10 to reflect population increases in various counties. Money appropriated to the local health maintenance fund must be allocated under the following schedule each year to each local board of health whose application for funding is approved by the state department of health:

The amounts specified from the General Fund and the Comfort-Welfare Fund are for the following purposes:

Personal Services	19,880,493	19,880,493
Other Operating Expense	3,801,288	3,282,685

COUNTY POPULATION	AMOUNT OF GRANT
over 499,999	94,112
100,000 - 499,999	72,672
50,000 - 99,999	48,859
under 50,000	33,139

COMFORT AND WELFARE PROGRAM		
Comfort-Welfare Fund (IC 10-17-9-7(c))		
Total Operating Expense	111,000	111,000
Augmentation allowed.		
WEIGHTS AND MEASURES FUND		
Weights and Measures		

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**LOCAL HEALTH
DEPARTMENT ACCOUNT**

Tobacco Master
Settlement Agreement
Fund (IC 4-12-1-14.3)
Total Operating Expense 3,000,000 3,000,000

The foregoing appropriations for the local health department account are statutory distributions pursuant to IC 4-12-7.

**FOR THE TOBACCO
USE PREVENTION AND
CESSATION BOARD**

**TOBACCO USE
PREVENTION AND
CESSATION PROGRAM**
Tobacco Master
Settlement Agreement
Fund (IC 4-12-1-14.3)
Total Operating Expense 15,000,000 15,000,000

A minimum of 75% of the above appropriations shall be used for grants to local agencies and other entities with programs designed to reduce smoking.

**FOR THE INDIANA
SCHOOL FOR THE
BLIND AND VISUALLY
IMPAIRED**

Personal Services 10,746,019 10,746,019
Other Operating Expense 1,055,964 1,055,964

**FOR THE INDIANA
SCHOOL FOR THE DEAF**

Personal Services 16,892,896 16,892,896
Other Operating Expense 1,959,367 1,959,367

C. VETERANS' AFFAIRS

**FOR THE INDIANA
DEPARTMENT OF
VETERANS' AFFAIRS**

Personal Services 527,049 527,049
Other Operating Expense 134,632 134,632

**DISABLED AMERICAN
VETERANS OF
WORLD WARS
AMERICAN VETERANS OF
WORLD WAR II, KOREA,
AND VIETNAM**

Total Operating Expense 40,000 40,000

Total Operating Expense 30,000 30,000
**VETERANS OF
FOREIGN WARS**
Total Operating Expense 30,000 30,000
**VIETNAM VETERANS
OF AMERICA**
Total Operating Expense 20,000
**MILITARY FAMILY
RELIEF FUND**
Total Operating Expense 450,000 450,000

SECTION 9. [EFFECTIVE JULY 1, 2007]

EDUCATION

**A. HIGHER
EDUCATION**

**FOR INDIANA
UNIVERSITY
BLOOMINGTON
CAMPUS**

Total Operating Expense 193,813,007 202,202,196
Fee Replacement 24,822,802 26,118,321

**FOR INDIANA
UNIVERSITY
REGIONAL CAMPUSES
EAST**

Total Operating Expense 7,993,189 8,322,137
Fee Replacement 2,038,168 2,001,956

KOKOMO

Total Operating Expense 10,357,262 10,817,455
Fee Replacement 2,394,273 2,351,735

NORTHWEST

Total Operating Expense 17,811,296 18,061,296
Fee Replacement 4,316,246 4,239,561

SOUTH BEND

Total Operating Expense 22,699,732 23,236,007
Fee Replacement 5,967,558 7,220,812

SOUTHEAST

Total Operating Expense 19,892,774 20,848,802
Fee Replacement 5,266,033 5,172,474

**TOTAL
APPROPRIATION -
INDIANA
UNIVERSITY
REGIONAL CAMPUSES**

98,736,531 102,272,235

**FOR INDIANA
UNIVERSITY - PURDUE**

FY 2007-08 FY 2008-09 Biennial
 Appro. Appro. Appro.

FY 2007-08 FY 2008-09 Biennial
 Appro. Appro. Appro.

**UNIVERSITY AT
 INDIANAPOLIS (IUPUI)
 HEALTH DIVISIONS**

Total Operating Expense 107,493,576 112,236,327
 Fee Replacement 4,332,751 5,442,505

**FOR INDIANA
 UNIVERSITY SCHOOL
 OF MEDICINE ON
 THE CAMPUS OF
 THE UNIVERSITY OF
 SOUTHERN INDIANA**

Total Operating Expense 1,542,312 1,610,361

**THE CAMPUS OF
 INDIANA UNIVERSITY-
 PURDUE UNIVERSITY
 FORT WAYNE**

Total Operating Expense 1,418,830 1,481,430

**THE CAMPUS OF
 INDIANA UNIVERSITY-
 NORTHWEST**

Total Operating Expense 2,015,642 2,104,574

**THE CAMPUS OF
 PURDUE UNIVERSITY**

Total Operating Expense 1,799,244 1,878,629

**THE CAMPUS OF
 BALL STATE
 UNIVERSITY**

Total Operating Expense 1,617,814 1,689,194

**THE CAMPUS OF
 THE UNIVERSITY
 OF NOTRE DAME**

Total Operating Expense 1,500,329 1,566,525

**THE CAMPUS OF
 INDIANA STATE
 UNIVERSITY**

Total Operating Expense 1,788,716 1,867,636

The Indiana University School of Medicine - Indianapolis shall submit to the Indiana commission for higher education before May 15 of each year an accountability report containing data on the number of medical school graduates who entered primary care physician residencies in Indiana from the school's most recent graduating class.

**FOR INDIANA
 UNIVERSITY - PURDUE
 UNIVERSITY AT
 INDIANAPOLIS (IUPUI)
 GENERAL ACADEMIC
 DIVISIONS**

Total Operating Expense 79,980,030 83,311,562
 Fee Replacement 20,727,099 20,978,428

**TOTAL
 APPROPRIATIONS -
 IUPUI**

224,216,343 234,167,171

Transfers of allocations between campuses to correct for errors in allocation among the campuses of Indiana University can be made by the institution with the approval of the commission for higher education and the budget agency. Indiana University shall maintain current operations at all statewide medical education sites.

**FOR INDIANA
 UNIVERSITY**

**ABILENE NETWORK
 OPERATIONS CENTER**

Total Operating Expense 842,027 867,288

**SPINAL CORD AND
 HEAD INJURY
 RESEARCH CENTER**

Total Operating Expense 530,168 546,073

**OPTOMETRY BOARD
 EDUCATION FUND**

Total Operating Expense 29,000 1,500

**STATE DEPARTMENT
 OF TOXICOLOGY**

Total Operating Expense 2,463,380 3,719,280

**INSTITUTE FOR
 THE STUDY OF
 DEVELOPMENTAL
 DISABILITIES**

Total Operating Expense 2,505,502 2,580,667

GEOLOGICAL SURVEY

Total Operating Expense 3,137,382 3,231,504

**LOCAL
 GOVERNMENT
 ADVISORY
 COMMISSION**

Total Operating Expense 57,184 58,899

**REIMBURSEMENT OF
 SCHOLARSHIP COSTS**

Total Operating Expense 900,000 0

**INDIANA UNIVERSITY
 SCHOOL OF
 PUBLIC HEALTH**

Total Operating Expense 100,000

**FOR PURDUE
 UNIVERSITY**

WEST LAFAYETTE

Total Operating Expense 249,929,962 262,033,737
 Fee Replacement 23,928,533 26,084,329

April 29, 2007

Senate 1767

FY 2007-08 FY 2008-09 Biennial
Appro. *Appro.* *Appro.*

FY 2007-08 FY 2008-09 Biennial
Appro. *Appro.* *Appro.*

FOR PURDUE UNIVERSITY - REGIONAL CAMPUSES CALUMET

Total Operating Expense	27,126,733	28,212,704
Fee Replacement	1,549,834	1,614,058

NORTH CENTRAL

Total Operating Expense	11,135,246	11,969,824
Fee Replacement	0	50,344

TOTAL APPROPRIATION - PURDUE UNIVERSITY REGIONAL CAMPUSES

	39,811,813	41,846,930
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FOR INDIANA UNIVERSITY - PURDUE UNIVERSITY AT FORT WAYNE (IPFW)

Total Operating Expense	37,116,951	38,449,705
Fee Replacement	4,223,331	5,352,031

Transfers of allocations between campuses to correct for errors in allocation among the campuses of Purdue University can be made by the institution with the approval of the commission for higher education and the budget agency.

FOR PURDUE UNIVERSITY ANIMAL DISEASE DIAGNOSTIC LABORATORY SYSTEM

Total Operating Expense	3,488,781	3,593,444
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The above appropriations shall be used to fund the animal disease diagnostic laboratory system (ADDL), which consists of the main ADDL at West Lafayette, the bangs disease testing service at West Lafayette, and the southern branch of ADDL Southern Indiana Purdue Agricultural Center (SIPAC) in Dubois County. The above appropriations are in addition to any user charges that may be established and collected under IC 15-2.1-5-6. Notwithstanding IC 15-2.1-5-5, the trustees of Purdue University may approve reasonable charges for testing for pseudorabies.

STATEWIDE TECHNOLOGY COUNTY AGRICULTURAL EXTENSION

Total Operating Expense	5,733,029	6,702,020
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EDUCATORS

Total Operating Expense	7,316,550	7,536,047
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AGRICULTURAL RESEARCH AND EXTENSION - CROSSROADS

Total Operating Expense	7,320,956	7,540,584
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CENTER FOR PARALYSIS RESEARCH

Total Operating Expense	528,477	544,331
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UNIVERSITY-BASED BUSINESS ASSISTANCE

Total Operating Expense	1,133,737	1,967,749
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FOR INDIANA STATE UNIVERSITY

Total Operating Expense	74,899,462	76,911,131
Fee Replacement	9,465,483	10,224,769
Nursing Program	250,000	250,000

FOR UNIVERSITY OF SOUTHERN INDIANA HISTORIC NEW HARMONY

Total Operating Expense	37,675,499	40,387,429
Fee Replacement	9,488,222	10,996,853

Total Operating Expense

	565,184	576,488
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FOR BALL STATE UNIVERSITY

Total Operating Expense	125,383,857	130,381,244
Fee Replacement	12,408,664	14,064,079

ENTREPRENEURIAL COLLEGE

Total Operating Expense	1,000,000	1,000,000
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ACADEMY FOR SCIENCE, MATHEMATICS, AND HUMANITIES

Total Operating Expense	4,322,246	4,451,913
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FOR VINCENNES UNIVERSITY

Total Operating Expense	37,427,299	38,967,141
Fee Replacement	5,364,551	6,700,593

FOR IVY TECH COMMUNITY COLLEGE

Total Operating Expense	153,209,449	162,415,053
Fee Replacement	20,738,001	27,967,850

Of the above appropriations for Ivy Tech Community College total operating expense, \$135,000 each year shall be used for

<i>FY 2007-08</i>	<i>FY 2008-09</i>	<i>Biennial</i>
<i>Appro.</i>	<i>Appro.</i>	<i>Appro.</i>

<i>FY 2007-08</i>	<i>FY 2008-09</i>	<i>Biennial</i>
<i>Appro.</i>	<i>Appro.</i>	<i>Appro.</i>

the Community Learning Center in Portage.

**VALPO NURSING
PARTNERSHIP**

Total Operating Expense	101,622	104,671
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FT. WAYNE PUBLIC

SAFETY TRAINING

CENTER

Total Operating Expense	1,000,000	1,000,000
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**FOR THE INDIANA
HIGHER EDUCATION
TELECOMMUNICATIONS
SYSTEM (IHETS)**

Total Operating Expense	4,827,208	4,972,024
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The above appropriations do not include funds for the course development grant program.

The sums herein appropriated to Indiana University, Purdue University, Indiana State University, University of Southern Indiana, Ball State University, Vincennes University, Ivy Tech Community College, and the Indiana Higher Education Telecommunications System (IHETS) are in addition to all income of said institutions and IHETS, respectively, from all permanent fees and endowments and from all land grants, fees, earnings, and receipts, including gifts, grants, bequests, and devises, and receipts from any miscellaneous sales from whatever source derived.

All such income and all such fees, earnings, and receipts on hand June 30, 2007, and all such income and fees, earnings, and receipts accruing thereafter are hereby appropriated to the boards of trustees or directors of the aforementioned institutions and IHETS and may be expended for any necessary expenses of the respective institutions and IHETS, including university hospitals, schools of medicine, nurses' training schools, schools of dentistry, and agricultural extension and experimental stations. However, such income, fees, earnings, and receipts may be used for land and structures only if approved by the governor and the budget agency.

The foregoing appropriations to Indiana University, Purdue University, Indiana State University, University of Southern Indiana, Ball State University, Vincennes University, Ivy Tech Community College, and IHETS include the employers' share of Social Security payments for university and IHETS employees under the public employees' retirement fund, or institutions covered by the Indiana state teachers' retirement fund. The funds appropriated also include funding for the employers' share of payments to the public employees' retirement fund and to the Indiana state teachers' retirement

fund at a rate to be established by the retirement funds for both fiscal years for each institution and for IHETS employees covered by these retirement plans.

The treasurers of Indiana University, Purdue University, Indiana State University, University of Southern Indiana, Ball State University, Vincennes University, and Ivy Tech Community College shall, at the end of each three (3) month period, prepare and file with the auditor of state a financial statement that shall show in total all revenues received from any source, together with a consolidated statement of disbursements for the same period. The budget director shall establish the requirements for the form and substance of the reports.

The reports of the treasurer also shall contain in such form and in such detail as the governor and the budget agency may specify, complete information concerning receipts from all sources, together with any contracts, agreements, or arrangements with any federal agency, private foundation, corporation, or other entity from which such receipts accrue.

All such treasurers' reports are matters of public record and shall include without limitation a record of the purposes of any and all gifts and trusts with the sole exception of the names of those donors who request to remain anonymous.

Notwithstanding IC 4-10-11, the auditor of state shall draw warrants to the treasurers of Indiana University, Purdue University, Indiana State University, University of Southern Indiana, Ball State University, Vincennes University, and Ivy Tech Community College on the basis of vouchers stating the total amount claimed against each fund or account, or both, but not to exceed the legally made appropriations.

Notwithstanding IC 4-12-1-14, for universities and colleges supported in whole or in part by state funds, grant applications and lists of applications need only be submitted upon request to the budget agency for review and approval or disapproval and, unless disapproved by the budget agency, federal grant funds may be requested and spent without approval by the budget agency. Each institution shall retain the applications for a reasonable period of time and submit a list of all grant applications, at least monthly, to the commission for higher education for informational purposes.

For all university special appropriations, an itemized list of intended expenditures, in such form as the governor and the budget agency may specify, shall be submitted to support the allotment request. All budget requests for university special appropriations shall be furnished in a like manner and as a part of the operating budgets of the state universities.

April 29, 2007

Senate 1769

<i>FY 2007-08</i>	<i>FY 2008-09</i>	<i>Biennial</i>
<i>Appro.</i>	<i>Appro.</i>	<i>Appro.</i>

<i>FY 2007-08</i>	<i>FY 2008-09</i>	<i>Biennial</i>
<i>Appro.</i>	<i>Appro.</i>	<i>Appro.</i>

The trustees of Indiana University, the trustees of Purdue University, the trustees of Indiana State University, the trustees of University of Southern Indiana, the trustees of Ball State University, the trustees of Vincennes University, the trustees of Ivy Tech Community College, and the directors of IHETS are hereby authorized to accept federal grants, subject to IC 4-12-1.

Fee replacement funds are to be distributed as requested by each institution, on payment due dates, subject to available appropriations.

If an early payment of an amount appropriated to any of the aforementioned institutions or IHETS is made in either state fiscal year of the biennium to eliminate an otherwise authorized payment delay to a later state fiscal year, the amount may be used only for the purposes approved by the budget agency after review by the budget committee.

**FOR THE MEDICAL
EDUCATION BOARD
FAMILY PRACTICE
RESIDENCY FUND**

Total Operating Expense	2,294,787	2,340,683
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Of the foregoing appropriations for the medical education board-family practice residency fund, \$1,000,000 each year shall be used for grants for the purpose of improving family practice residency programs serving medically underserved areas.

**FOR THE COMMISSION
FOR HIGHER
EDUCATION**

Total Operating Expense	1,508,104	1,538,266
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**STATEWIDE TRANSFER
WEBSITE**

Total Operating Expense	1,055,045	671,139
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**INDIANA CAREER AND
POSTSECONDARY
ADVANCEMENT
CENTER**

Total Operating Expense	1	1
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**FOR THE DEPARTMENT
OF ADMINISTRATION**

**ANIMAL DISEASE
DIAGNOSTIC
LABORATORY
LEASE RENTAL**

Total Operating Expense	1,045,623	1,045,623
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**ANIMAL DISEASE
DIAGNOSTIC
LABORATORY**

(BSL-3) LEASE RENTAL

Total Operating Expense	0	2,600,000
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**COLUMBUS LEARNING
CENTER LEASE
PAYMENT**

Total Operating Expense	3,865,950	3,944,050
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**FOR THE STATE
BUDGET AGENCY**

GIGAPOP PROJECT

Total Operating Expense	749,467	771,951
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**SOUTH CENTRAL
EDUCATION SERVICES
BEDFORD
SERVICE AREA**

Total Operating Expense	395,266	403,172
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**SOUTHEAST INDIANA
EDUCATION SERVICES**

Total Operating Expense	695,226	709,130
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The above appropriation for southeast Indiana education services may be expended with the approval of the budget agency after review by the commission for higher education.

DEGREE LINK

Total Operating Expense	541,465	552,294
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The above appropriations shall be used for the delivery of Indiana State University baccalaureate degree programs at Ivy Tech Community College and Vincennes University locations through Degree Link. Distributions shall be made upon the recommendation of the Indiana commission for higher education and with approval by the budget agency after review by the budget committee.

WORKFORCE CENTERS

Total Operating Expense	862,110	887,973
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**MIDWEST HIGHER
EDUCATION
COMMISSION**

Total Operating Expense	90,000	95,000
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**FOR THE STATE
STUDENT ASSISTANCE
COMMISSION**

Total Operating Expense	1,306,618	1,332,750
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**FREEDOM OF CHOICE
GRANTS**

Total Operating Expense	46,804,751	47,583,031
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HIGHER EDUCATION

<i>FY 2007-08</i>	<i>FY 2008-09</i>	<i>Biennial</i>
<i>Appro.</i>	<i>Appro.</i>	<i>Appro.</i>

<i>FY 2007-08</i>	<i>FY 2008-09</i>	<i>Biennial</i>
<i>Appro.</i>	<i>Appro.</i>	<i>Appro.</i>

AWARD PROGRAM

Total Operating Expense 135,017,565 139,515,254

NURSING

SCHOLARSHIP

PROGRAM

Total Operating Expense 410,185 418,389

HOOSIER SCHOLAR

PROGRAM

Total Operating Expense 408,000 416,160

For the higher education awards and freedom of choice grants made for the 2007-2009 biennium, the following guidelines shall be used, notwithstanding current administrative rule or practice:

(1) **Financial Need:** For purposes of these awards, financial need shall be limited to actual undergraduate tuition and fees for the prior academic year as established by the commission.

(2) **Maximum Base Award:** The maximum award shall not exceed the lesser of:

(A) eighty percent (80%) of actual prior academic year undergraduate tuition and fees; or

(B) eighty percent (80%) of the sum of the highest prior academic year undergraduate tuition and fees at any public institution of higher education and the lowest appropriation per full-time equivalent (FTE) undergraduate student at any public institution of higher education.

(3) **Minimum Award:** No actual award shall be less than \$200.

(4) **Award Size:** A student's maximum award shall be reduced one (1) time:

(A) for dependent students, by the expected contribution from parents based upon information submitted on the financial aid application form; and

(B) for independent students, by the expected contribution derived from information submitted on the financial aid application form.

(5) **Award Adjustment:** The maximum base award may be adjusted by the commission, for any eligible recipient who fulfills college preparation requirements defined by the commission.

(6) **Adjustment:**

(A) If the dollar amounts of eligible awards exceed appropriations and program reserves, all awards may be adjusted by the commission by reducing the maximum award under subdivision (2)(A) or (2)(B).

(B) If appropriations and program reserves are sufficient and the maximum awards are not at the levels described in subdivision (2)(A) and (2)(B), all awards may be adjusted by the commission by proportionally increasing the awards to the maximum award under that subdivision so that parity between those maxima is maintained but not exceeded.

For the Hoosier scholar program for the 2007-2009 biennium, each award shall not exceed five hundred dollars (\$500) and

shall be made available for one (1) year only. Receipt of this award shall not reduce any other award received under any state funded student assistance program.

STATUTORY FEE

REMISSION

Total Operating Expense 20,304,707 20,557,932

PART-TIME STUDENT

GRANT DISTRIBUTION

Total Operating Expense 5,355,000 5,462,100

Priority for awards made from the above appropriation shall be given first to eligible students meeting TANF income eligibility guidelines as determined by the family and social services administration and second to eligible students who received awards from the part-time grant fund during the school year associated with the biennial budget year. Funds remaining shall be distributed according to procedures established by the commission. The maximum grant that an applicant may receive for a particular academic term shall be established by the commission but shall in no case be greater than a grant for which an applicant would be eligible under IC 20-12-21 if the applicant were a full-time student. The commission shall collect and report to the family and social services administration (FSSA) all data required for FSSA to meet the data collection and reporting requirements in 45 CFR Part 265.

The family and social services administration, division of family resources, shall apply all qualifying expenditures for the part-time grant program toward Indiana's maintenance of effort under the federal Temporary Assistance to Needy Families (TANF) program (45 CFR 260 et seq.).

CONTRACT FOR INSTRUCTIONAL OPPORTUNITIES IN SOUTHEASTERN INDIANA

Total Operating Expense 615,475 627,785

MINORITY TEACHER SCHOLARSHIP FUND

Total Operating Expense 407,763 415,919

COLLEGE WORK STUDY PROGRAM

Total Operating Expense 821,293 837,719

21ST CENTURY ADMINISTRATION

Total Operating Expense 2,061,420 2,102,648

21ST CENTURY

SCHOLAR AWARDS

Total Operating Expense 24,810,428 26,519,274

April 29, 2007

Senate 1771

<i>FY 2007-08</i>	<i>FY 2008-09</i>	<i>Biennial</i>
<i>Appro.</i>	<i>Appro.</i>	<i>Appro.</i>

<i>FY 2007-08</i>	<i>FY 2008-09</i>	<i>Biennial</i>
<i>Appro.</i>	<i>Appro.</i>	<i>Appro.</i>

Augmentation for 21st Century Scholar Awards allowed from the general fund.

The commission shall collect and report to the family and social services administration (FSSA) all data required for FSSA to meet the data collection and reporting requirements in 45 CFR 265.

Family and social services administration, division of family resources, shall apply all qualifying expenditures for the 21st century scholars program toward Indiana's maintenance of effort under the federal Temporary Assistance to Needy Families (TANF) program (45 CFR 260 et seq.)

NATIONAL GUARD SCHOLARSHIP

Total Operating Expense	3,332,819	3,366,477
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The above appropriations for national guard scholarship and any program reserves existing on June 30, 2007, shall be the total allowable state expenditure for the program in the 2007-2009 biennium. If the dollar amounts of eligible awards exceed appropriations and program reserves, the state student assistance commission shall develop a plan to ensure that the total dollar amount does not exceed the above appropriations and any program reserves.

INSURANCE EDUCATION SCHOLARSHIPS

Insurance Education Scholarship Fund (IC 20-12-22.3)

Total Operating Expense	100,000	100,000
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Augmentation allowed.

B. ELEMENTARY AND SECONDARY EDUCATION

FOR THE DEPARTMENT OF EDUCATION STATE BOARD OF EDUCATION

Total Operating Expense	3,152,112	3,152,112
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The foregoing appropriations for the Indiana state board of education are for the education roundtable established by IC 20-19-4; for the academic standards project to distribute copies of the academic standards and provide teachers with curriculum frameworks; for special evaluation and research projects including national and international assessments; and for state board and roundtable administrative expenses.

SUPERINTENDENT'S OFFICE

Personal Services	1,201,402	1,201,402
Other Operating Expense	1,473,322	1,473,322

PUBLIC TELEVISION DISTRIBUTION

Total Operating Expense	3,500,000	3,500,000
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These appropriations are for grants for public television. The Indiana Public Broadcasting Stations, Inc. shall submit a distribution plan for the eight Indiana public education television stations that shall be approved by the budget agency after review by the budget committee. The above appropriation includes the costs of transmission for the "GED-on-TV" program. Of the above appropriations, \$500,000 each year shall be distributed equally among the eight radio stations.

RESEARCH AND DEVELOPMENT PROGRAMS

Personal Services	86,958	86,959
Other Operating Expense	300,390	300,390

Of the foregoing appropriations for Research and Development Programs, up to \$140,000 each year is dedicated for the Center for Evaluation and Education Policy.

RILEY HOSPITAL

Total Operating Expense	27,900	27,900
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BEST BUDDIES

Total Operating Expense	250,000	250,000
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ADMINISTRATION AND FINANCIAL MANAGEMENT

Personal Services	2,143,064	2,144,538
Other Operating Expense	420,270	418,834

MOTORCYCLE OPERATOR SAFETY EDUCATION FUND

Safety Education Fund (IC 20-30-13-11)

Personal Services	132,303	132,397
Other Operating Expense	892,177	892,087

The foregoing appropriations for the motorcycle operator safety education fund are from the motorcycle operator safety education fund created by IC 20-30-13-11.

SCHOOL TRAFFIC SAFETY

Motor Vehicle Highway

1772 Senate

April 29, 2007

	<i>FY 2007-08</i>	<i>FY 2008-09</i>	<i>Biennial</i>
	<i>Appro.</i>	<i>Appro.</i>	<i>Appro.</i>
Account (IC 8-14-1)			
Personal Services	242,813	242,989	
Other Operating Expense	30,405	30,236	
Augmentation allowed.			
EDUCATION LICENSE			
PLATE FEES			
Education License Plate			
Fees Fund (IC 9-18-31)			
Total Operating Expense	141,200	141,200	
CENTER FOR			
SCHOOL ASSESSMENT			
Personal Services	310,777	311,004	
Other Operating Expense	706,025	705,800	
ACCREDITATION			
SYSTEM			
Personal Services	471,390	471,732	
Other Operating Expense	489,547	489,210	
SPECIAL			
EDUCATION (S-5)			
Total Operating Expense	24,750,000	24,750,000	

The foregoing appropriations for special education are made under IC 20-35-6-2.

CENTER FOR			
COMMUNITY			
RELATIONS AND			
SPECIAL POPULATIONS			
Personal Services	234,467	234,580	
Other Operating Expense	78,988	78,879	
SPECIAL			
EDUCATION EXCISE			
Alcoholic Beverage Excise			
Tax Funds (IC 20-35-4-4)			
Personal Services	344,177	344,351	
Augmentation allowed.			
GED-ON-TV PROGRAM			
Other Operating Expense	229,500	229,500	

The foregoing appropriation is for grants to provide GED-ON-TV programming. The GED-ON-TV Program shall submit for review by the budget committee an annual report on utilization of this appropriation.

CAREER AND			
TECHNICAL EDUCATION			
Personal Services	1,318,379	1,319,338	
Other Operating Expense	40,532	39,599	
ADVANCED PLACEMENT			
PROGRAM			
Other Operating Expense	953,284	953,284	

The above appropriations for the Advanced Placement

program are to provide funding for students of accredited public and nonpublic schools.

PSAT PROGRAM

Other Operating Expense	717,449	717,449
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The above appropriations for the PSAT program are to provide funding for students of accredited public and nonpublic schools.

**CENTER FOR SCHOOL
IMPROVEMENT AND
PERFORMANCE**

Personal Services	1,701,420	1,701,447
Other Operating Expense	978,089	978,089

**PRINCIPAL LEADERSHIP
ACADEMY**

Personal Services	320,628	320,632
Other Operating Expense	142,204	142,204

**EDUCATION SERVICE
CENTERS**

Total Operating Expense	2,321,287	2,321,287
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No appropriation made for an education service center shall be distributed to the administering school corporation of the center unless each participating school corporation of the center contracts to pay to the center at least three dollars (\$3) per student for fiscal year 2007-2008 based on the school corporation's ADM count as reported for school aid distribution in the fall of 2006, and at least three dollars (\$3) per student for fiscal year 2008-2009, based on the school corporation's ADM count as reported for school aid distribution beginning in the fall of 2007. Before notification of education service centers of the formula and components of the formula for distributing funds for education service centers, review and approval of the formula and components must be made by the budget agency.

**TRANSFER TUITION
(STATE EMPLOYEES'
CHILDREN AND
ELIGIBLE CHILDREN
IN MENTAL HEALTH
FACILITIES)**

Total Operating Expense	50,000	50,000
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The foregoing appropriations for transfer tuition (state employees' children and eligible children in mental health facilities) are made under IC 20-26-11-10 and IC 20-26-11-8.

**TEACHERS' SOCIAL
SECURITY AND
RETIREMENT**

April 29, 2007

Senate 1773

<i>FY 2007-08</i>	<i>FY 2008-09</i>	<i>Biennial</i>
<i>Appro.</i>	<i>Appro.</i>	<i>Appro.</i>

<i>FY 2007-08</i>	<i>FY 2008-09</i>	<i>Biennial</i>
<i>Appro.</i>	<i>Appro.</i>	<i>Appro.</i>

DISTRIBUTION

Total Operating Expense	2,403,792	2,403,792
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The foregoing appropriations shall be distributed by the department of education on a monthly basis and in approximately equal payments to special education cooperatives, area career and technical education schools, and other governmental entities that received state teachers' Social Security distributions for certified education personnel (excluding the certified education personnel funded through federal grants) during the fiscal year beginning July 1, 1992, and ending June 30, 1993, and for the units under the Indiana state teacher's retirement fund, the amount they received during the 2002-2003 state fiscal year for teachers' retirement. If the total amount to be distributed is greater than the total appropriation, the department of education shall reduce each entity's distribution proportionately.

DISTRIBUTION FOR TUITION SUPPORT

General Fund

Total Operating Expense	2,167,287,741	2,244,062,741
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Property Tax

Replacement Fund (IC 6-1.1-21)

Total Operating Expense	1,719,412,259	1,796,187,259
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The foregoing appropriations for distribution for tuition support are to be distributed for tuition support, special education programs, career and technical education programs, honors grants, and the primetime program in accordance with a statute enacted for this purpose during the 2007 session of the general assembly.

If the above appropriations for distribution for tuition support are more than are required under this SECTION, any excess shall revert to the general fund.

The above appropriations for tuition support shall be made each calendar year under a schedule set by the budget agency and approved by the governor. However, the schedule shall provide for at least twelve (12) payments, that one (1) payment shall be made at least every forty (40) days, and the aggregate of the payments in each calendar year shall equal the amount required under the statute enacted for the purpose referred to above.

ADDITIONAL TUITION SUPPORT DISTRIBUTION

Total Operating Expense	2,000,000	2,000,000
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The definitions in IC 20-43-1 apply to the above appropriations. IC 20-43-2-2 does not apply to the above appropriations.

The department shall make an additional distribution not later than January 2008 to each school corporation that has a current ADM for 2008 that is at least one hundred fifty (150) students more than the school corporation's current ADM for 2007. The amount of the distribution is equal to the amount of the above appropriation available for distribution in the calendar year, as determined by the budget agency, multiplied by a fraction. The numerator of the fraction is the number of students by which current ADM increased for 2008 for the school corporation. The denominator of the fraction is the sum of the number of students by which current ADM increased for 2008 for all school corporations that had an increase of at least one hundred fifty (150) students.

The department shall make an additional distribution to each school corporation before January 2009 that has a current ADM for 2009 that is at least one hundred fifty (150) students more than the school corporation's current ADM for 2008. The amount of the distribution is equal to the amount of the above appropriation available for distribution in the calendar year multiplied by a fraction. The numerator of the fraction is the number of students by which current ADM increased for 2009 for the school corporation. The denominator of the fraction is the sum of the number of students by which current ADM increased for 2009 for all school corporations that had an increase of at least one hundred fifty (150) students.

Virtual charter school" means any entity that provides for the delivery of more than fifty percent (50%) of instruction to students through virtual distance learning, online technologies, or computer based instruction. A virtual charter school is not entitled to any funding from the state of Indiana during the biennium and is not entitled to a distribution of property taxes. This paragraph expires June 30, 2009.

DISTRIBUTION FOR SUMMER SCHOOL

Other Operating Expense	18,360,000	18,360,000
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It is the intent of the 2007 general assembly that the above appropriations for summer school shall be the total allowable state expenditure for such program. Therefore, if the expected disbursements are anticipated to exceed the total appropriation for that state fiscal year, then the department of education shall reduce the distributions proportionately.

EARLY INTERVENTION PROGRAM AND READING DIAGNOSTIC

<i>FY 2007-08</i>	<i>FY 2008-09</i>	<i>Biennial</i>
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<i>FY 2007-08</i>	<i>FY 2008-09</i>	<i>Biennial</i>
<i>Appro.</i>	<i>Appro.</i>	<i>Appro.</i>

ASSESSMENT

Total Operating Expense	4,720,000	4,720,000
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The above appropriations for the early intervention program are for grants to local school corporations for grant proposals for early intervention programs, including reading recovery and the Waterford method.

The foregoing appropriations shall be used by the department for the reading diagnostic assessment and subsequent remedial programs or activities. The reading diagnostic assessment program, as approved by the board, is to be made available on a voluntary basis to all Indiana public and nonpublic school first and second grade students upon the approval of the governing body of school corporations. The board shall determine how the funds will be distributed for the assessment and related remediation. The department or its representative shall provide progress reports on the assessment as requested by the board and the education roundtable.

**ADULT EDUCATION
DISTRIBUTION**

Total Operating Expense	14,000,000	14,000,000
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It is the intent of the 2007 general assembly that the above appropriations for adult education shall be the total allowable state expenditure for such program. Therefore, if the expected disbursements are anticipated to exceed the total appropriation for a state fiscal year, the department of education shall reduce the distributions proportionately.

**NATIONAL SCHOOL
LUNCH PROGRAM**

Total Operating Expense	5,400,000	5,400,000
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**MARION COUNTY
DESEGREGATION
COURT ORDER**

Total Operating Expense	18,200,000	18,200,000
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The foregoing appropriations for court ordered desegregation costs are made pursuant to order No. IP 68-C-225-S of the United States District Court for the Southern District of Indiana. If the sums herein appropriated are insufficient to enable the state to meet its obligations, then there are hereby appropriated from the state general fund such further sums as may be necessary for such purpose.

**TEXTBOOK
REIMBURSEMENT**

Total Operating Expense	39,000,000	39,000,000
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Before a school corporation or an accredited nonpublic school may receive a distribution under the textbook reimbursement

program, the school corporation or accredited nonpublic school shall provide to the department the requirements established in IC 20-33-5-2. The department shall provide to the family and social services administration (FSSA) all data required for FSSA to meet the data collection reporting requirement in 45 CFR 265. Family and social services administration, division of family resources, shall apply all qualifying expenditures for the textbook reimbursement program toward Indiana's maintenance of effort under the federal Temporary Assistance to Needy Families (TANF) program (45 CFR 260 et seq.).

The foregoing appropriations for textbook reimbursement include the appropriation of the common school fund interest balance. The remainder of the above appropriations are provided from the state general fund.

**FULL-DAY
KINDERGARTEN**

Total Operating Expense	33,500,000	58,500,000
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The above appropriations for full day kindergarten are available to school corporations and charter schools that apply to the department of education for funding of full day kindergarten. The amount available to a school corporation or charter school equals the amount appropriated divided by the total full day kindergarten enrollment of all participating school corporations and charter schools (as defined in IC 21-3-1.6-1.1) for the current year, and then multiplied by the school corporation's or charter school's full day kindergarten enrollment (as defined in IC 21-3-1.6-1.1) for the current year. However, a school corporation or charter school may not receive more than \$2,500 dollars per student for full day kindergarten. A school corporation or charter school that is awarded a grant must provide to the department of education a financial report stating how the funds were spent. Any unspent funds at the end of the biennium must be returned to the state by the school corporation or charter school.

To provide full day kindergarten programs, a school corporation or charter school that determines there is inadequate space to offer a program in the school corporation's or charter school's existing facilities may offer the program in any suitable space located within the geographic boundaries of the school corporation or, in the case of a charter school, a location that is in the general vicinity of the charter school's existing facilities. A full day kindergarten program offered by a school corporation or charter school must meet the academic standards and other requirements of IC 20.

A school corporation or charter school that receives a grant

must meet the academic standards and other requirements of IC 20.

In awarding grants from the above appropriations, the department of education may not refuse to make a grant to a school corporation or reduce the award that would otherwise be made to the school corporation because the school corporation used federal grants or loans, including Title I grants, to fund part or all of the school corporation's full day kindergarten program in a school year before the school year in which the grant will be given or because the school corporation intends to use federal grants or loans, including Title I grants, to fund part of the school corporation's full day kindergarten program in a school year in which the grant will be given.

The state board and department shall provide support to school corporations and charter schools in the development and implementation of child centered and learning focused programs using the following methods:

- (1) Targeting professional development funds to provide teachers in kindergarten through grade 3 education in:
 - (A) scientifically proven methods of teaching reading;
 - (B) the use of data to guide instruction; and
 - (C) the use of age appropriate literacy and mathematics assessments.
- (2) Making uniform, predictively valid, observational assessments that:
 - (A) provide frequent information concerning the student's progress to the student's teacher; and
 - (B) measure the student's progress in literacy; available to teachers in kindergarten through grade 3. Teachers shall monitor students participating in a program, and the school corporation or charter school shall report the results of the assessments to the parents of a child completing an assessment and to the department.
- (3) Undertaking a longitudinal study of students in programs in Indiana to determine the achievement levels of the students in kindergarten and later grades.

The above appropriations for full day kindergarten include \$25,000 dollars in fiscal year 2008 for the state board and department to contract with national experts on academic standards to conduct a review of current kindergarten standards to ensure the standards:

- (1) are adequate for full day kindergarten programs;
- (2) align with state standards through grade 3; and
- (3) ensure success in subsequent grades. The school corporation or charter school may use any funds otherwise allowable under state and federal law, including the school corporation's general fund, any funds available to the charter school, or voluntary parent fees, to provide full day kindergarten programs.

TESTING AND REMEDIATION

Other Operating Expense 41,000,000 41,000,000

Prior to notification of local school corporations of the formula and components of the formula for distributing funds for remediation, review and approval of the formula and components shall be made by the budget agency.

The above appropriation for testing and remediation shall be used by school corporations to provide remediation programs for students who attend public and nonpublic schools. For purposes of tuition support, these students are not to be counted in the average daily membership.

GRADUATION EXAM REMEDIATION

Other Operating Expense 4,958,910 4,958,910

Prior to notification of local school corporations of the formula and components of the formula for distributing funds for graduation exam remediation, review and approval of the formula and components shall be made by the budget agency.

SPECIAL EDUCATION PRESCHOOL

Total Operating Expense 32,400,000 32,400,000

The above appropriations shall be distributed to guarantee a minimum of \$2,750 per child enrolled in special education preschool programs from state and local sources in school corporations that levy the maximum special education tax rate for this purpose. It is the intent of the 2007 general assembly that the above appropriations for special education preschool shall be the total allowable expenditure for such program. Therefore, if the expected disbursements are anticipated to exceed the total appropriation for that state fiscal year, then the department of education shall reduce the distributions proportionately.

NON-ENGLISH SPEAKING PROGRAM

Other Operating Expense 6,929,246 6,965,055

The above appropriations for the non-English speaking program are for pupils who have a primary language other than English and limited English proficiency, as determined by using a standard proficiency examination that has been approved by the department of education.

The grant amount is two hundred dollars (\$200) per pupil. It is the intent of the 2007 general assembly that the above appropriations for the non-English speaking program shall be

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the total allowable state expenditure for the program. If the expected distributions are anticipated to exceed the total appropriations for the state fiscal year, the department of education shall reduce each school corporation's distribution proportionately.

**GIFTED AND TALENTED
 EDUCATION PROGRAM**

Personal Services	211,199	211,348
Other Operating Expense	12,788,801	12,788,652

**DISTRIBUTION FOR
 ADULT VOCATIONAL
 EDUCATION**

Total Operating Expense	250,000	250,000
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The distribution for adult career and technical education programs shall be made in accordance with the state plan for vocational education.

PRIMETIME

Personal Services	172,564	172,566
Other Operating Expense	34,467	34,467

DRUG FREE SCHOOLS

Personal Services	52,360	52,361
Other Operating Expense	20,093	20,093

**PROFESSIONAL
 DEVELOPMENT
 DISTRIBUTION**

Other Operating Expense	13,812,500	13,812,500
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The foregoing appropriations for professional development distributions include schools defined under IC 20-31-2-8.

ALTERNATIVE SCHOOLS

Total Operating Expense	6,380,059	6,380,319
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**EDUCATIONAL
 TECHNOLOGY
 PROGRAM AND FUND
 (INCLUDING 4R'S
 TECHNOLOGY GRANT
 PROGRAM)**

Total Operating Expense	2,109,031	2,109,036
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Of the foregoing appropriations, \$825,000 shall be allocated to the buddy system each state fiscal year during the biennium. The remaining amounts shall be allocated for technology programs and resources for kindergarten through twelfth grade, and the operation of the office of the special assistant to the superintendent of public instruction for technology.

TECHNOLOGY PLAN

**GRANT PROGRAM
 (IC 20-20-13)**

Total Operating Expense	5,000,000
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Notwithstanding IC 20-20-13-17, the department of education may adjust the grant amount to reflect available funding.

**PROFESSIONAL
 STANDARDS
 DIVISION**

General Fund

Personal Services	1,053,602	1,054,199
Other Operating Expense	262,900	1,762,303

Professional Standards

Board Licensing Fund

Total Operating Expense	1,500,000	1,500,000
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Augmentation allowed.

The above appropriations for the Professional Standards Division do not include funds to pay stipends for mentor teachers.

**SCHOOL CORPORATION
 CONSOLIDATION
 STUDIES**

Total Operating Expense	100,000	100,000
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A school corporation which desires to study the feasibility of consolidating or merging services with another corporation may apply to the department for a grant not exceeding \$25,000 to offset the costs of the study.

**SCHOOL BUSINESS
 OFFICIALS ACADEMY**

Total Operating Expense	150,000	150,000
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The department shall make the foregoing appropriations available to the Indiana Association of School Business Officials to assist in the creation of an academy designed to strengthen the management and leadership skills of practicing Indiana school business officials.

**FOR THE INDIANA
 STATE TEACHERS'
 RETIREMENT FUND**

POSTRETIREMENT

PENSION INCREASES

Other Operating Expense	52,784,909	55,952,004
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The appropriations for postretirement pension increases are made for those benefits and adjustments provided in IC 5-10.4 and IC 5-10.2-5.

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**TEACHERS' RETIREMENT
FUND DISTRIBUTION**

Other Operating Expense 568,372,000 602,474,320
Augmentation allowed.

If the amount actually required under the pre-1996 account of the teachers' retirement fund for actual benefits for the Post Retirement Pension Increases that are funded on a "pay as you go" basis plus the base benefits under the pre-1996 account of the teachers' retirement fund is:

- (1) greater than the above appropriations for a year, after notice to the governor and the budget agency of the deficiency, the above appropriation for the year shall be augmented from the general fund. Any augmentation shall be included in the required pension stabilization calculation under IC 5-10.4; or
- (2) less than the above appropriations for a year, the excess shall be retained in the general fund. The portion of the benefit funded by the annuity account and the actuarially funded Post Retirement Pension Increases shall not be part of this calculation.

C. OTHER EDUCATION

**FOR THE EDUCATION
EMPLOYMENT
RELATIONS BOARD**

Personal Services	617,646	617,646
Other Operating Expense	68,940	68,940

**PUBLIC EMPLOYEE
RELATIONS BOARD**

Total Operating Expense	32,550	32,550
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FOR THE STATE LIBRARY

Personal Services	3,058,971	3,058,971
Other Operating Expense	727,967	697,917

**STATEWIDE LIBRARY
SERVICES**

Total Operating Expense	1,996,228	1,996,228
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The foregoing appropriations for statewide library services will be used to provide services to libraries across the state. These services may include, but will not be limited to, programs including Wheels, I*Ask, and professional development. The state library shall identify statewide library services that are to be provided by a vendor. Those services identified by the library shall be procured through a competitive process using one or more requests for proposals covering the service.

**LIBRARY SERVICES
FOR THE BLIND -
ELECTRONIC**

NEWSLINES

Other Operating Expense	40,000	40,000
ACADEMY OF SCIENCE		
Total Operating Expense	8,811	8,811

**FOR THE ARTS
COMMISSION**

Personal Services	406,217	406,217
Other Operating Expense	3,596,742	3,596,742

The foregoing appropriation to the arts commission includes \$625,000 each year to provide grants under IC 4-23-2.5 to:

- (1) the arts organizations that have most recently qualified for general operating support as major arts organizations as determined by the arts commission; and
- (2) the significant regional organizations that have most recently qualified for general operating support as mid-major arts organizations, as determined by the arts commission and its regional re-granting partners.

**FOR THE HISTORICAL
BUREAU**

Personal Services	392,583	392,583
Other Operating Expense	6,875	6,875

**HISTORICAL MARKER
PROGRAM**

Total Operating Expense		31,898
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**FOR THE COMMISSION
ON PROPRIETARY
EDUCATION**

Personal Services	447,806	448,129
Other Operating Expense	6,865	6,865

SECTION 10. [EFFECTIVE JULY 1, 2007]

DISTRIBUTIONS

**FOR THE PROPERTY TAX
REPLACEMENT
FUND BOARD**

Property Tax Replacement Fund (IC 6-1.1-21) Total Operating Expense	2,142,477,622	2,133,991,675
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Notwithstanding IC 6-1.1-21, the foregoing appropriations are the maximum amount that may be distributed.

Not more than \$2,028,509,197 shall be distributed as property tax replacement credits and homestead credits for calendar year 2008 from the above appropriations. The distribution

from the above appropriations for property tax replacement credits and homestead credits for 2009 may not, when added to any amount distributed after June 30, 2009, exceed \$2,028,509,197.

If the amount determined under IC 6-1.1-21 exceeds the amount to be distributed in the calendar year from the above appropriations, the board shall reduce the property tax replacement credit percentages proportionately so that the distributions equal the amount to be distributed.

Upon the recommendation of the budget agency, the property tax replacement fund board established by IC 6-1.1-21-10 may increase or decrease the distribution percentage specified in IC 6-1.1-21-10 for May in order to distribute the appropriation. If the property tax replacement fund board increases or decreases the May distribution percentage for property tax replacement credits and homestead credits, it must increase or reduce the percentage used in determining the next distribution such that the sum of the calendar year percentages equals one hundred percent (100.00%).

PROPERTY TAX

REFUNDS

Property Tax Reduction		
Trust Fund (IC 4-35-8-2)		
Total Operating Expense	300,000,000	0

The above appropriation is for state paid refunds of payments of property tax liability (as defined in IC 6-1.1-21-5) imposed on property eligible for a homestead credit under IC 6-1.1-20.9 in 2007.

If the amount distributed to a county from the above appropriation exceeds the amount needed to pay the property tax refunds payable from the above appropriation, the county treasurer shall transfer the excess to the auditor of state for deposit in the property tax reduction trust fund. The transfer shall be made as part of the December settlement under IC 6-1.1-21. The amount returned to the auditor of state shall be used to increase the following appropriation for additional homestead credits in calendar year 2008.

**ADDITIONAL
 HOMESTEAD
 CREDIT**

Property Tax Reduction		
Trust Fund (IC 4-35-8-2)		
Total Operating Expense	112,000,000	138,000,000

The above appropriations are for additional homestead credits for property taxes paid in 2008.

The above appropriations are to reimburse local taxing units for the revenue lost from the granting of an additional credit against property tax liability (as defined in IC 6-1.1-21-5) imposed on property eligible for a homestead credit under IC 6-1.1-20.9 for 2008.

SECTION 11. [EFFECTIVE JULY 1, 2007]

The following allocations of federal funds are available for vocational and technical education under the Carl D. Perkins Vocational and Technical Education Act of 1998 (20 U.S.C. 2301, et seq. for Vocational and Technical Education) (20 U.S.C. 2371 for Tech Prep Education). These funds shall be received by the department of workforce development, commission on vocational and technical education, and shall be allocated by the budget agency after consultation with the commission on vocational and technical education, the department of education, the commission for higher education, and the department of correction. Funds shall be allocated to these agencies in accordance with the allocations specified below:

**STATE PROGRAMS
 AND LEADERSHIP**

2,655,188 2,655,188

**SECONDARY
 VOCATIONAL
 PROGRAMS**

14,878,845 14,878,845

**POSTSECONDARY
 VOCATIONAL
 PROGRAMS**

8,522,925 8,522,925

**TECHNOLOGY -
 PREPARATION
 EDUCATION**

2,465,494 2,465,494

SECTION 12. [EFFECTIVE JULY 1, 2007]

In accordance with IC 22-4.1-13, the budget agency, with the advice of the commission on vocational and technical education and the budget committee, may augment or reduce an allocation of federal funds made under SECTION 11 of this act.

SECTION 13. [EFFECTIVE JULY 1, 2007]

Utility bills for the month of June, travel claims covering the period June 16 to June 30, payroll for the period of the last half of June, any interdepartmental bills for supplies or services for the month of June, and any other miscellaneous expenses incurred during the period June 16 to June 30 shall

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be charged to the appropriation for the succeeding year. No interdepartmental bill shall be recorded as a refund of expenditure to any current year allotment account for supplies or services rendered or delivered at any time during the preceding June period.

SECTION 14. [EFFECTIVE JULY 1, 2007]

The budget agency, under IC 4-10-11, IC 4-12-1-13, and IC 4-13-1, in cooperation with the Indiana department of administration, may fix the amount of reimbursement for traveling expenses (other than transportation) for travel within the limits of Indiana. This amount may not exceed actual lodging and miscellaneous expenses incurred. A person in travel status, as defined by the state travel policies and procedures established by the Indiana department of administration and the budget agency, is entitled to a meal allowance not to exceed during any twenty-four (24) hour period the standard meal allowances established by the federal Internal Revenue Service.

All appropriations provided by this act or any other statute, for traveling and hotel expenses for any department, officer, agent, employee, person, trustee, or commissioner, are to be used only for travel within the state of Indiana, unless those expenses are incurred in traveling outside the state of Indiana on trips that previously have received approval as required by the state travel policies and procedures established by the Indiana department of administration and the budget agency. With the required approval, a reimbursement for out-of-state travel expenses may be granted in an amount not to exceed actual lodging and miscellaneous expenses incurred. A person in travel status is entitled to a meal allowance not to exceed during any twenty-four (24) hour period the standard meal allowances established by the federal Internal Revenue Service for properly approved travel within the continental United States and a minimum of \$50 during any twenty-four (24) hour period for properly approved travel outside the continental United States. However, while traveling in Japan, the minimum meal allowance shall not be less than \$90 for any twenty-four (24) hour period. While traveling in Korea and Taiwan, the minimum meal allowance shall not be less than \$85 for any twenty-four (24) hour period. While traveling in Singapore, China, Great Britain, Germany, the Netherlands, and France, the minimum meal allowance shall not be less than \$65 for any twenty-four (24) hour period.

In the case of the state supported institutions of postsecondary education, approval for out-of-state travel may be given by the chief executive officer of the institution, or the chief executive officer's authorized designee, for the chief executive officer's respective personnel.

Before reimbursing overnight travel expenses, the auditor of state shall require documentation as prescribed in the state travel policies and procedures established by the Indiana department of administration and the budget agency. No appropriation from any fund may be construed as authorizing the payment of any sum in excess of the standard mileage rates for personally owned transportation equipment established by the federal Internal Revenue Service when used in the discharge of state business. The Indiana department of administration and the budget agency may adopt policies and procedures relative to the reimbursement of travel and moving expenses of new state employees and the reimbursement of travel expenses of prospective employees who are invited to interview with the state.

SECTION 15. [EFFECTIVE JULY 1, 2007]

Notwithstanding IC 4-10-11-2.1, the salary per diem of members of boards, commissions, and councils who are entitled to a salary per diem is \$50 per day. However, members of boards, commissions, or councils who receive an annual or a monthly salary paid by the state are not entitled to the salary per diem provided in IC 4-10-11-2.1.

SECTION 16. [EFFECTIVE JULY 1, 2007]

No payment for personal services shall be made by the auditor of state unless the payment has been approved by the budget agency or the designee of the budget agency.

SECTION 17. [EFFECTIVE JULY 1, 2007]

No warrant for operating expenses, capital outlay, or fixed charges shall be issued to any department or an institution unless the receipts of the department or institution have been deposited into the state treasury for the month. However, if a department or an institution has more than \$10,000 in daily receipts, the receipts shall be deposited into the state treasury daily.

SECTION 18. [EFFECTIVE JULY 1, 2007]

In case of loss by fire or any other cause involving any state institution or department, the proceeds derived from the settlement of any claim for the loss shall be deposited in the state treasury, and the amount deposited is hereby reappropriated to the institution or department for the purpose of replacing the loss. If it is determined that the loss shall not be replaced, any funds received from the settlement of a claim shall be deposited into the general fund.

SECTION 19. [EFFECTIVE JULY 1, 2007]

If an agency has computer equipment in excess of the needs of that agency, then the excess computer equipment may be sold under the provisions of surplus property sales, and the proceeds of the sale or sales shall be deposited in the state treasury. The amount so deposited is hereby reappropriated to that agency for other operating expenses of the then current year, if approved by the director of the budget agency.

SECTION 20. [EFFECTIVE JULY 1, 2007]

If any state penal or benevolent institution other than the Indiana state prison, Pendleton correctional facility, or Putnamville correctional facility shall, in the operation of its farms, produce products or commodities in excess of the needs of the institution, the surplus may be sold through the division of industries and farms, the director of the supply division of the Indiana department of administration, or both. The proceeds of any such sale or sales shall be deposited in the state treasury. The amount deposited is hereby reappropriated to the institution for expenses of the then current year if approved by the director of the budget agency. The exchange between state penal and benevolent institutions of livestock for breeding purposes only is hereby authorized at valuations agreed upon between the superintendents or wardens of the institutions. Capital outlay expenditures may be made from the institutional industries and farms revolving fund if approved by the budget agency and the governor.

SECTION 21. [EFFECTIVE JULY 1, 2007]

This act does not authorize any rehabilitation and repairs to any state buildings, nor does it allow that any obligations be incurred for lands and structures, without the prior approval of the budget director or the director's designee. This SECTION does not apply to contracts for the state universities supported in whole or in part by state funds.

SECTION 22. [EFFECTIVE JULY 1, 2007]

If an agency has an annual appropriation fixed by law, and if the agency also receives an appropriation in this act for the same function or program, the appropriation in this act supersedes any other appropriations and is the total appropriation for the agency for that program or function.

SECTION 23. [EFFECTIVE JULY 1, 2007]

The balance of any appropriation or funds heretofore placed or remaining to the credit of any division of the state of Indiana, and any appropriation or funds provided in this act placed to the credit of any division of the state of Indiana, the powers, duties, and functions whereof are assigned and transferred to any department for salaries, maintenance,

operation, construction, or other expenses in the exercise of such powers, duties, and functions, shall be transferred to the credit of the department to which such assignment and transfer is made, and the same shall be available for the objects and purposes for which appropriated originally.

SECTION 24. [EFFECTIVE JULY 1, 2007]

The director of the division of procurement of the Indiana department of administration, or any other person or agency authorized to make purchases of equipment, shall not honor any requisition for the purchase of an automobile that is to be paid for from any appropriation made by this act or any other act, unless the following facts are shown to the satisfaction of the commissioner of the Indiana department of administration or the commissioner's designee:

(1) In the case of an elected state officer, it shall be shown that the duties of the office require driving about the state of Indiana in the performance of official duty.

(2) In the case of department or commission heads, it shall be shown that the statutory duties imposed in the discharge of the office require traveling a greater distance than one thousand (1,000) miles each month or that they are subject to official duty call at all times.

(3) In the case of employees, it shall be shown that the major portion of the duties assigned to the employee require travel on state business in excess of one thousand (1,000) miles each month, or that the vehicle is identified by the agency as an integral part of the job assignment.

In computing the number of miles required to be driven by a department head or an employee, the distance between the individual's home and office or designated official station is not to be considered as a part of the total. Department heads shall annually submit justification for the continued assignment of each vehicle in their department, which shall be reviewed by the commissioner of the Indiana department of administration, or the commissioner's designee. There shall be an insignia permanently affixed on each side of all state owned cars, designating the cars as being state owned. However, this requirement does not apply to state owned cars driven by elected state officials or to cases where the commissioner of the Indiana department of administration or the commissioner's designee determines that affixing insignia on state owned cars would hinder or handicap the persons driving the cars in the performance of their official duties.

SECTION 25. [EFFECTIVE JULY 1, 2007]

When budget agency approval or review is required under this act, the budget agency may refer to the budget committee any budgetary or fiscal matter for an advisory recommendation. The budget committee may hold hearings and take any actions

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authorized by IC 4-12-1-11, and may make an advisory recommendation to the budget agency.

SECTION 26. [EFFECTIVE JULY 1, 2007]

The governor of the state of Indiana is solely authorized to accept on behalf of the state any and all federal funds available to the state of Indiana. Federal funds received under this SECTION are appropriated for purposes specified by the federal government, subject to allotment by the budget agency. The provisions of this SECTION and all other SECTIONS concerning the acceptance, disbursement, review, and approval of any grant, loan, or gift made by the federal government or any other source to the state or its agencies and political subdivisions shall apply, notwithstanding any other law.

SECTION 27. [EFFECTIVE JULY 1, 2007]

Federal funds received as revenue by a state agency or department are not available to the agency or department for expenditure until allotment has been made by the budget agency under IC 4-12-1-12(d).

SECTION 28. [EFFECTIVE JULY 1, 2007]

A contract or an agreement for personal services or other services may not be entered into by any agency or department of state government without the approval of the budget agency or the designee of the budget director.

SECTION 29. [EFFECTIVE JULY 1, 2007]

Except in those cases where a specific appropriation has been made to cover the payments for any of the following, the auditor of state shall transfer, from the personal services appropriations for each of the various agencies and departments, necessary payments for Social Security, public employees' retirement, health insurance, life insurance, and any other similar payments directed by the budget agency.

SECTION 30. [EFFECTIVE JULY 1, 2007]

Subject to SECTION 25 of this act as it relates to the budget committee, the budget agency with the approval of the governor may withhold allotments of any or all appropriations contained in this act for the 2007-2009 biennium, if it is considered necessary to do so in order to prevent a deficit financial situation.

SECTION 31. [EFFECTIVE JULY 1, 2006 (RETROACTIVE)]

The following deficiency appropriation for the state fiscal year beginning July 1, 2006, and ending June 30, 2007, is made in addition to the appropriations in P.L.246-2005, SECTION 9:

**FOR THE DEPARTMENT
OF EDUCATION
DISTRIBUTION FOR
TUITION SUPPORT**

General Fund
Total Operating
Expense 56,100,000

The deficiency appropriation made by this SECTION is not subject to transfer to any other fund or subject to transfer, assignment, or reassignment for any other use or purpose by the state board of finance, notwithstanding IC 4-9.1-1-7 and IC 4-13-2-23, or by the budget agency, notwithstanding IC 4-12-1-12, or any other law.

SECTION 32. [EFFECTIVE JULY 1, 2007]

CONSTRUCTION

For the 2007-2009 biennium, the following amounts, from the funds listed as follows, are hereby appropriated to provide for the construction, reconstruction, rehabilitation, repair, purchase, rental, and sale of state properties, capital lease rentals, and the purchase and sale of land, including equipment for such properties and other projects as specified.

State General Fund - Lease Rentals	194,059,832
State General Fund - Construction	275,199,919
State Police Building Commission Fund (IC 9-29-1-4)	6,200,000
Law Enforcement Academy Building Fund (IC 5-2-1-13)	1,319,300
Cigarette Tax Fund (IC 6-7-1-29.1)	3,600,000
Veterans' Home Building Fund (IC 10-17-9-7)	5,269,167
Postwar Construction Fund (IC 7.1-4-8-1)	37,560,000
Regional Health Care Construction Account (IC 4-12-8.5)	11,964,998
Build Indiana Fund (IC 4-30-17)	889,490
TOTAL	536,062,706

The allocations provided under this SECTION are made from the state general fund, unless specifically authorized from other designated funds by this act. The budget agency, with the approval of the governor, in approving the allocation of funds pursuant to this SECTION, shall consider, as funds are available, allocations for the following specific uses, purposes,

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FY 2007-08 FY 2008-09 Biennial
 Appro. Appro. Appro.

April 29, 2007
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 Appro. Appro. Appro.

and projects:

A. GENERAL GOVERNMENT

FOR THE HOUSE OF REPRESENTATIVES

Repair and Rehabilitation 425,000

FOR THE SENATE

Senate Renovation 1,500,000

FOR THE STATE

BUDGET AGENCY

Health and safety contingency 5,000,000
 Aviation Technology Center 2,428,284
 Airport Facilities Lease 52,991,552

DEPARTMENT OF ADMINISTRATION - PROJECTS

Preventive Maintenance 6,691,790
 Repair and Rehabilitation 13,905,000

DEPARTMENT OF ADMINISTRATION - LEASES

General Fund

Lease - Government Center North 27,491,755
 Lease - Government Center South 29,796,249
 Lease - State Museum 15,234,934
 Lease - McCarty Street Warehouse 1,458,200
 Lease - Parking Garages 11,151,141
 Lease - Toxicology Lab 11,070,106
 Lease - Wabash Valley Correctional 26,229,390
 Lease - Rockville Correctional 11,040,071
 Lease - Miami Correctional 28,358,823
 Lease - Pendleton Juvenile Correctional 8,800,168
 Lease - New Castle Correctional 23,428,995
 Regional Health Care Construction Account (IC 4-12-8.5)
 Lease - Evansville State Hospital 3,284,468
 Lease - Southeast Regional Treatment 5,297,588
 Lease - Logansport State Hospital 3,382,942

B. PUBLIC SAFETY

(1) LAW ENFORCEMENT

INDIANA STATE POLICE

State Police Building Commission Fund (IC 9-29-1-4)

Preventive Maintenance 1,015,000
 Repair and Rehabilitation 5,185,000
 Postwar Construction Fund (IC 7.1-4-8-1)
 Two State Police Posts 7,000,000

LAW ENFORCEMENT TRAINING BOARD

Law Enforcement Academy Building Fund (IC 5-2-1-13)

Preventive Maintenance 936,000
 Repair and Rehabilitation 383,300

ADJUTANT GENERAL

Preventive Maintenance 250,000
 Johnson County Land Acquisition 1,900,000
 Repair and Rehabilitation 1,650,000

(2) CORRECTIONS

DEPARTMENT OF CORRECTION - PROJECTS

Postwar Construction Fund (IC 7.1-4-8-1)
 Environmental Response 150,000
 Repair and Rehabilitation 200,000

CORRECTIONAL UNITS

Preventive Maintenance 1,515,598

Postwar Construction Fund (IC 7.1-4-8-1)

Administration/Program Bldg.-Henryville 100,000
 Repair and Rehabilitation 400,000

STATE PRISON

Preventive Maintenance 954,492
 Postwar Construction Fund (IC 7.1-4-8-1)
 Repair and Rehabilitation 5,200,000

PENDLETON

CORRECTIONAL FACILITY

Preventive Maintenance 1,257,064
 Postwar Construction Fund (IC 7.1-4-8-1)
 Repair and Rehabilitation 1,200,000

WOMEN'S PRISON

Preventive Maintenance 538,832
 Postwar Construction Fund (IC 7.1-4-8-1)
 Repair and Rehabilitation 100,000

NEW CASTLE

CORRECTIONAL FACILITY

Preventive Maintenance 350,388

PUTNAMVILLE

CORRECTIONAL FACILITY

Preventive Maintenance 864,822

Postwar Construction Fund (IC 7.1-4-8-1)

Central Water Softener System 300,000
 Repair and Rehabilitation 140,000

PLAINFIELD EDUCATION

April 29, 2007

Senate 1783

	<i>FY 2007-08</i>	<i>FY 2008-09</i>	<i>Biennial</i>		<i>FY 2007-08</i>	<i>FY 2008-09</i>	<i>Biennial</i>
	<i>Appro.</i>	<i>Appro.</i>	<i>Appro.</i>		<i>Appro.</i>	<i>Appro.</i>	<i>Appro.</i>
RE-ENTRY FACILITY				PENDLETON JUVENILE			
Preventive Maintenance			322,804	CORRECTIONAL FACILITY			
INDIANAPOLIS JUVENILE				Preventive Maintenance			228,738
CORRECTIONAL FACILITY							
Preventive Maintenance			395,510	C. CONSERVATION AND ENVIRONMENT			
Postwar Construction Fund							
(IC 7.1-4-8-1)				DEPARTMENT OF			
Repair and Rehabilitation			100,000	NATURAL RESOURCES -			
BRANCHVILLE				GENERAL ADMINISTRATION			
CORRECTIONAL FACILITY				Preventive Maintenance			300,000
Preventive Maintenance			272,932	Repair and Rehabilitation			1,500,000
Postwar Construction Fund				FISH AND WILDLIFE			
(IC 7.1-4-8-1)				Preventive Maintenance			2,000,000
Education building addition			1,800,000	Health and Safety Projects			1,150,000
WESTVILLE				Public Access Projects			350,000
CORRECTIONAL FACILITY				FORESTRY			
Preventive Maintenance			806,330	Preventive Maintenance			2,000,000
Postwar Construction Fund				Repair and Rehabilitation			6,500,000
(IC 7.1-4-8-1)				MUSEUMS AND			
Repair and Rehabilitation			3,500,000	HISTORIC SITES			
ROCKVILLE				Preventive Maintenance			365,559
CORRECTIONAL FACILITY				Repair and Rehabilitation			4,500,000
Preventive Maintenance			357,296	Tippecanoe Battlefield -			
PLAINFIELD				Fence Restoration			430,000
CORRECTIONAL FACILITY				NATURE PRESERVES			
Preventive Maintenance			663,704	Preventive Maintenance			200,000
Postwar Construction Fund				Repair and Rehabilitation			1,350,000
(IC 7.1-4-8-1)				OUTDOOR RECREATION			
Steam distribution center			12,000,000	Preventive Maintenance			50,000
Repair and Rehabilitation			420,000	Repair and Rehabilitation			375,000
RECEPTION-DIAGNOSTIC				STATE PARKS AND			
CENTER				RESERVOIR MANAGEMENT			
Preventive Maintenance			214,464	Preventive Maintenance			2,900,000
Postwar Construction Fund				Repair and Rehabilitation			7,110,000
(IC 7.1-4-8-1)				Nature Education Center			2,500,000
Fire egress stairwell			400,000	Water and Wastewater			3,000,000
CORRECTIONAL				Inn Rehabilitation			3,500,000
INDUSTRIAL FACILITY				Campground Rehabilitation			3,890,000
Preventive Maintenance			584,172	Marina Rehabilitation			3,000,000
Postwar Construction Fund				Pool Rehabilitation			6,000,000
(IC 7.1-4-8-1)				Lincoln State Park Amphitheater			
Repair and Rehabilitation			750,000	Maintenance			810,000
WORK RELEASE CENTERS				Cigarette Tax Fund			
Preventive Maintenance			76,828	(IC 6-7-1-29.1)			
WABASH VALLEY				Preventive Maintenance			3,600,000
CORRECTIONAL FACILITY				DIVISION OF WATER			
Preventive Maintenance			608,820	Preventive Maintenance			250,000
Postwar Construction Fund				Repair and Rehabilitation			8,925,000
(IC 7.1-4-8-1)				Dredging Cedar Lake -			
Repair and Rehabilitation			2,800,000	Lake County			2,000,000
MIAMI				ENFORCEMENT			
CORRECTIONAL FACILITY				Preventive Maintenance			250,000
Preventive Maintenance			664,560	STATE MUSEUM			

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	<i>FY 2007-08 Appro.</i>	<i>FY 2008-09 Appro.</i>	<i>Biennial Appro.</i>
Preventive Maintenance			650,000
Repair and Rehabilitation			300,000
OIL AND GAS			
Repair and Rehabilitation			400,000
ENTOMOLOGY			
Invasive Species			1,000,000
Hydrilla Eradication			500,000
WHITE RIVER STATE PARK			
Preventive Maintenance			500,000
Repair and Rehabilitation			480,000
WAR MEMORIALS COMMISSION			
Preventive Maintenance			1,512,094
Civil War Battle Flags			238,500
Repair and Rehabilitation			815,300
INDIANA STATE FAIR			
Ice Skating Academy			4,000,000
LITTLE CALUMET RIVER BASIN COMMISSION			
Repair and Rehabilitation			2,000,000

D. TRANSPORTATION

AIRPORT DEVELOPMENT

Airport Development	3,650,000
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Of the foregoing allocation for the Indiana department of transportation, two million four hundred thousand dollars (\$2,400,000) are for airport development and shall be used for the purpose of assisting local airport authorities and local units of government in matching available federal funds under the airport improvement program and for matching federal grants for airport planning and for the other airport studies. Matching grants of aid shall be made in accordance with the approved annual capital improvements program of the Indiana department of transportation and with the approval of the governor and the budget agency.

Of the foregoing allocation for the Indiana department of transportation, one million two hundred and fifty thousand dollars (\$1,250,000) are for construction of a terminal building at Hulman International Airport.

**E. FAMILY AND SOCIAL SERVICES,
HEALTH, AND VETERANS' AFFAIRS**

**(1) FAMILY AND SOCIAL
SERVICES ADMINISTRATION**

FSSA CONSTRUCTION	
Repair and Rehabilitation	1,000,000
EVANSVILLE PSYCHIATRIC CHILDREN'S CENTER	
Preventive Maintenance	45,000

Repair and Rehabilitation	100,000
EVANSVILLE STATE HOSPITAL	
Preventive Maintenance	500,000
Consult/Design for Forensic Pts.	100,000
Repair and Rehabilitation	858,000
MADISON STATE HOSPITAL	
Preventive Maintenance	971,409
LOGANSPORT STATE HOSPITAL	
Preventive Maintenance	963,144
Repair and Rehabilitation	4,228,000
RICHMOND STATE HOSPITAL	
Preventive Maintenance	1,210,724
Operational Support Building	649,250
Repair and Rehabilitation	3,329,000
LARUE CARTER MEMORIAL HOSPITAL	
Preventive Maintenance	5,000,000

(2) PUBLIC HEALTH

DEPARTMENT OF HEALTH

Preventive Maintenance	15,303
Repair and Rehabilitation	1,684,697
SCHOOL FOR THE BLIND	
Preventive Maintenance	565,714
Repair and Rehabilitation	2,964,671
SCHOOL FOR THE DEAF	
Preventive Maintenance	553,120
Repair and Rehabilitation	3,046,357
SOLDIERS' AND SAILORS' CHILDREN'S HOME	
Preventive Maintenance	400,000
Repair and Rehabilitation	925,000

(3) VETERANS' AFFAIRS

INDIANA VETERANS' HOME

Veterans' Home Building Fund (IC 10-17-9-7)	
Preventive Maintenance	1,000,000
Replacement of Busses	485,000
Repair and Rehabilitation	3,784,167

F. EDUCATION

HIGHER EDUCATION

**INDIANA UNIVERSITY -
TOTAL SYSTEM**

General Repair and Rehab	25,202,564
PURDUE UNIVERSITY - TOTAL SYSTEM	
General Repair and Rehab	19,777,318

(c) This section is supplemental to all other laws but does not relieve a county or municipality from complying with other procedural requirements for the issuance of bonds, notes, or other obligations.

SECTION 38. IC 6-1.1-12.4-2, AS ADDED BY P.L.193-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) For purposes of this section, an increase in the assessed value of real property is determined in the same manner that an increase in the assessed value of real property is determined for purposes of IC 6-1.1-12.1.

(b) This subsection applies only to a development, redevelopment, or rehabilitation that is first assessed after March 1, 2005, and before March 2, ~~2009~~ 2007. Except as provided in subsection (h) and sections 4, 5, and 8 of this chapter, an owner of real property that:

- (1) develops, redevelops, or rehabilitates the real property; and
- (2) creates or retains employment from the development, redevelopment, or rehabilitation;

is entitled to a deduction from the assessed value of the real property.

(c) The deduction under this section is first available in the year in which the increase in assessed value resulting from the development, redevelopment, or rehabilitation occurs and continues for the following two (2) years. The amount of the deduction that a property owner may receive with respect to real property located in a county for a particular year equals the lesser of:

- (1) two million dollars (\$2,000,000); or
- (2) the product of:
 - (A) the increase in assessed value resulting from the development, rehabilitation, or redevelopment; multiplied by
 - (B) the percentage from the following table:

YEAR OF DEDUCTION	PERCENTAGE
1st	75%
2nd	50%
3rd	25%

(d) A property owner that qualifies for the deduction under this section must file a notice to claim the deduction in the manner prescribed by the department of local government finance under rules adopted by the department of local government finance under IC 4-22-2 to implement this chapter. The township assessor shall:

- (1) inform the county auditor of the real property eligible for the deduction as contained in the notice filed by the taxpayer under this subsection; and
- (2) inform the county auditor of the deduction amount.

(e) The county auditor shall:

- (1) make the deductions; and
- (2) notify the county property tax assessment board of appeals of all deductions approved;

under this section.

(f) The amount of the deduction determined under subsection (c)(2) is adjusted to reflect the percentage increase or decrease in

assessed valuation that results from:

- (1) a general reassessment of real property under IC 6-1.1-4-4; or
- (2) an annual adjustment under IC 6-1.1-4-4.5.

(g) If an appeal of an assessment is approved that results in a reduction of the assessed value of the real property, the amount of the deduction under this section is adjusted to reflect the percentage decrease that results from the appeal.

(h) The deduction under this section does not apply to a facility listed in IC 6-1.1-12.1-3(e).

SECTION 39. IC 6-1.1-12.4-3, AS AMENDED BY HEA 1084-2007, SECTION 41, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) For purposes of this section, an increase in the assessed value of personal property is determined in the same manner that an increase in the assessed value of new manufacturing equipment is determined for purposes of IC 6-1.1-12.1.

(b) This subsection applies only to personal property that the owner purchases after March 1, 2005, and before March 2, ~~2009~~ 2007. Except as provided in sections 4, 5, and 8 of this chapter, an owner that purchases personal property other than inventory (as defined in 50 IAC 4.2-5-1, as in effect on January 1, 2005) that:

- (1) was never before used by its owner for any purpose in Indiana; and
- (2) creates or retains employment;

is entitled to a deduction from the assessed value of the personal property.

(c) The deduction under this section is first available in the year in which the increase in assessed value resulting from the purchase of the personal property occurs and continues for the following two (2) years. The amount of the deduction that a property owner may receive with respect to personal property located in a county for a particular year equals the lesser of:

- (1) two million dollars (\$2,000,000); or
- (2) the product of:
 - (A) the increase in assessed value resulting from the purchase of the personal property; multiplied by
 - (B) the percentage from the following table:

YEAR OF DEDUCTION	PERCENTAGE
1st	75%
2nd	50%
3rd	25%

(d) If an appeal of an assessment is approved that results in a reduction of the assessed value of the personal property, the amount of the deduction is adjusted to reflect the percentage decrease that results from the appeal.

(e) A property owner must claim the deduction under this section on the owner's annual personal property tax return. The township assessor shall:

- (1) identify the personal property eligible for the deduction to the county auditor; and
- (2) inform the county auditor of the deduction amount.

(f) The county auditor shall:

- (1) make the deductions; and
- (2) notify the county property tax assessment board of appeals of all deductions approved;

under this section.

(g) The deduction under this section does not apply to personal property at a facility listed in IC 6-1.1-12.1-3(e).

SECTION 40. IC 6-2.5-10-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) The department shall account for all state gross retail and use taxes that it collects.

(b) The department shall deposit those collections in the following manner:

- (1) Fifty percent (50%) of the collections shall be paid into the property tax replacement fund established under IC 6-1.1-21.
- (2) Forty-nine and ~~one hundred ninety-two~~ **sixty-seven** thousandths percent (~~49.192%~~) (**49.067%**) of the collections shall be paid into the state general fund.
- (3) ~~Six hundred thirty-five thousandths~~ **Seventy-six hundredths** of one percent (~~0.635%~~) (**0.76%**) of the collections shall be paid into the public mass transportation fund established by IC 8-23-3-8.
- (4) Thirty-three thousandths of one percent (0.033%) of the collections shall be deposited into the industrial rail service fund established under IC 8-3-1.7-2.
- (5) Fourteen-hundredths of one percent (0.14%) of the collections shall be deposited into the commuter rail service fund established under IC 8-3-1.5-20.5.

SECTION 41. IC 6-3-1-11, AS AMENDED BY P.L.184-2006, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: Sec. 11. (a) The term "Internal Revenue Code" means the Internal Revenue Code of 1986 of the United States as amended and in effect on January 1, ~~2006~~ **2007**.

(b) Whenever the Internal Revenue Code is mentioned in this article, the particular provisions that are referred to, together with all the other provisions of the Internal Revenue Code in effect on January 1, ~~2006~~ **2007**, that pertain to the provisions specifically mentioned, shall be regarded as incorporated in this article by reference and have the same force and effect as though fully set forth in this article. To the extent the provisions apply to this article, regulations adopted under Section 7805(a) of the Internal Revenue Code and in effect on January 1, ~~2006~~ **2007**, shall be regarded as rules adopted by the department under this article, unless the department adopts specific rules that supersede the regulation.

(c) An amendment to the Internal Revenue Code made by an act passed by Congress before January 1, ~~2006~~ **2007**, that is effective for any taxable year that began before January 1, ~~2006~~ **2007**, and that affects:

- (1) individual adjusted gross income (as defined in Section 62 of the Internal Revenue Code);
- (2) corporate taxable income (as defined in Section 63 of the Internal Revenue Code);
- (3) trust and estate taxable income (as defined in Section

- 641(b) of the Internal Revenue Code);
- (4) life insurance company taxable income (as defined in Section 801(b) of the Internal Revenue Code);
- (5) mutual insurance company taxable income (as defined in Section 821(b) of the Internal Revenue Code); or
- (6) taxable income (as defined in Section 832 of the Internal Revenue Code);

is also effective for that same taxable year for purposes of determining adjusted gross income under section 3.5 of this chapter.

SECTION 42. IC 6-8-12 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 12. Eligible Event; Exemption from Taxation

Sec. 1. As used in this chapter, "eligible entity" means the National Football League and its affiliates as defined in the National Football League document titled "SUPER BOWL XLV HOST CITY BID SPECIFICATIONS & REQUIREMENTS" dated October 2006.

Sec. 2. As used in this chapter, "eligible event" means an event known as the Super Bowl that is conducted by an eligible entity described in section 1 of this chapter.

Sec. 3. All property owned by an eligible entity, revenues of an eligible entity, and expenditures and transactions of an eligible entity:

- (1) in connection with an eligible event; and**
- (2) resulting from holding an eligible event in Indiana or making preparatory advance visits to Indiana in connection with an eligible event;**

are exempt from taxation in Indiana for all purposes.

Sec. 4. The excise tax under IC 6-9-13 does not apply to an eligible event.

Sec. 5. The general assembly finds that:

- (1) this chapter has been enacted as a requirement to host an eligible event in Indiana and that an eligible event would not be held in Indiana without the exemptions provided in this chapter;**
- (2) notwithstanding the exemptions provided in this chapter, an eligible event held in Indiana would generate a significant economic impact for Indiana and additional revenues from taxes affected by this chapter; and**
- (3) the exemptions provided in this chapter will not reduce or adversely affect the levy and collection of taxes pledged to the payment of bonds, notes, leases, or subleases payable from those taxes.**

SECTION 43. IC 9-29-5-2, AS AMENDED BY P.L.1-2005, SECTION 112, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. The fee for the registration of a motorcycle is ~~seventeen twenty-seven~~ **seventeen** dollars (~~\$17~~): (**\$17**). The revenue from this fee shall be allocated as follows:

- (1) Seven dollars (\$7) to the motorcycle operator safety education fund established by IC 20-30-13-11.
- (2) An amount prescribed as a license branch service charge under IC 9-29-3.

(3) Ten dollars (\$10) to the spinal cord and brain injury fund under IC 16-41-42-4.

~~(3)~~ (4) The balance to the state general fund for credit to the motor vehicle highway account.

SECTION 44. IC 16-18-2-37.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 37.5. (a) "Board" for purposes of IC 16-22-8, has the meaning set forth in IC 16-22-8-2.1.

(b) "Board" for purposes of IC 16-41-42, has the meaning set forth in IC 16-41-42-1.

SECTION 45. IC 16-18-2-143 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 143. (a) "Fund", for purposes of IC 16-26-2, has the meaning set forth in IC 16-26-2-2.

(b) "Fund", for purposes of IC 16-31-8.5, has the meaning set forth in IC 16-31-8.5-2.

(c) "Fund", for purposes of IC 16-46-5, has the meaning set forth in IC 16-46-5-3.

(d) "Fund", for purposes of IC 16-46-12, has the meaning set forth in IC 16-46-12-1.

(e) "Fund", for purposes of IC 16-41-42, has the meaning set forth in IC 16-41-42-2.

SECTION 46. IC 16-18-2-315.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 315.5. "Registry", for purposes of IC 16-41-42, has the meaning set forth in IC 16-41-42-3.

SECTION 47. IC 16-41-42 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

Chapter 42. Spinal Cord and Brain Injury

Sec. 1. As used in this chapter, "board" refers to the spinal cord and brain injury research board created by section 6 of this chapter.

Sec. 2. As used in this chapter, "fund" refers to the spinal cord and brain injury fund established by section 3 of this chapter.

Sec. 3. (a) The spinal cord and brain injury fund is established to fund research on spinal cord and brain injuries.

(b) The fund shall be administered by the state department.

(c) The fund consists of:

- (1) appropriations;
- (2) gifts and bequests;
- (3) fees deposited in the fund under IC 9-29-5-2; and
- (4) grants received from the federal government or private sources.

(d) The expenses of administering the fund shall be paid from money in the fund.

(e) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested.

(f) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

(g) Of the money in the fund is continually appropriated to

the state department to fund spinal cord and brain injury research programs.

Sec. 4. The fund is to be used for the following purposes:

- (1) Establishing and maintain a state medical surveillance registry for traumatic spinal cord and brain injuries.
- (2) Fulfilling the duties of the board under section 6 of this chapter.
- (3) Funding research related to treatment and cure of spinal cord and brain injuries, including acute management, medical complications, rehabilitative techniques, and neuronal recovery. Research must be conducted in compliance with all state and federal laws.

Sec. 5. (a) The spinal cord and brain injury research board is created for the purpose of administering the fund. The board is composed of nine (9) members.

(b) The following four (4) members of the board shall be appointed by the governor:

- (1) One (1) member who has a spinal cord or head injury or who has a family member with a spinal cord or head injury.
- (2) One (1) member who is a physician licensed under IC 25-22.5 who has specialty training in neuroscience and surgery.
- (3) One (1) member who is a physiatrist holding a board certification from the American Board of Physical Medicine and Rehabilitation.
- (4) One (1) member representing the technical life sciences industry.

(c) The following five (5) members of the board shall be appointed as follows:

- (1) One (1) member representing Indiana University to be appointed by Indiana University.
- (2) One (1) member representing Purdue University to be appointed by Purdue University.
- (3) One (1) member representing the National Spinal Cord Injury Association to be appointed by the National Spinal Cord Injury Association.
- (4) One (1) member representing the largest freestanding rehabilitation hospital for brain and spinal cord injuries in Indiana to be appointed by the Rehabilitation Hospital of Indiana located in Indianapolis.
- (5) One (1) member representing the American Brain Injury Association to be appointed by the Brain Injury Association of Indiana.

(d) The term of a member is four (4) years. A member serves until a successor is appointed and qualified. If a vacancy occurs on the board before the end of a member's term, the appointing authority appointing the vacating member shall appoint an individual to serve the remainder of the vacating member's term.

(e) A majority of the members appointed to the board constitutes a quorum. The affirmative votes of a majority of the members are required for the board to take action on any

measure.

(f) Each member of the board is entitled to the minimum salary per diem provided by IC 4-10-11-2.1(b). The member is also entitled to reimbursement for traveling expenses as provided under IC 4-13-1-4 and other expenses actually incurred in connection with the member's duties as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.

(g) The board shall annually elect a chairperson who shall be the presiding officer of the board. The board may establish other officers and procedures as the board determines necessary.

(h) The board shall meet at least two (2) times each year. The chairperson may call additional meetings.

(i) The state department shall provide staff for the board. The state department shall maintain a registry of the members of the board. An appointing authority shall provide written confirmation of an appointment to the board to the state department in the form and manner specified by the state department.

(j) The board shall do the following:

(1) Consider policy matters relating to spinal cord and brain injury research projects and programs under this chapter.

(2) Consider research applications and make grants for approved research projects under this chapter.

(3) Formulate policies and procedures concerning the operation of the board.

(4) Review and authorize spinal cord and brain injury research projects and programs to be financed under this chapter. For purposes of this subdivision, the board may establish an independent scientific advisory panel composed of scientists and clinicians who are not members of the board to review proposals submitted to the board and make recommendations to the board. Collaborations are encouraged with other Indiana-based researchers as well as researchers located outside Indiana, including researchers in other countries.

(5) Review and approve progress and final research reports on projects authorized under this chapter.

(6) Review and make recommendations concerning the expenditure of money from the fund.

(7) Take other action necessary for the purpose stated in subsection (a).

(8) Provide to the governor, the general assembly, and the legislative council an annual report not later than January 30 of each year showing the status of funds appropriated under this chapter. The report to the general assembly and the legislative council must be in an electronic format under IC 5-14-6.

(k) A member of the board is exempt from civil liability arising or thought to arise from an action taken in good faith as

a member of the board.

Sec. 6. The state department shall adopt rules under IC 4-22-2 to implement this chapter.

SECTION 48. [EFFECTIVE JULY 1, 2007] (a) As used in this SECTION, "board" refers to the spinal cord and brain injury research board created by IC 16-41-42-6, as added by this act.

(b) Notwithstanding IC 16-41-42-6, as added by this act, members initially appointed to the board under IC 16-41-42-6(b)(1), IC 16-42-41-6(c)(1), and IC 16-42-41-6(c)(2), as added by this act, are appointed for a term of four (4) years.

(c) Notwithstanding IC 16-41-42-6, as added by this act, members initially appointed to the board under IC 16-41-42-6(c)(3) and IC 16-41-42-6(c)(4), as added by this act, are appointed for a term of three (3) years.

(d) Notwithstanding IC 16-41-42-6, as added by this act, members initially appointed to the board under IC 16-41-42-6(b)(4) and IC 16-41-42-6(c)(5), as added by this act, are appointed for a term of two (2) years.

(e) Notwithstanding IC 16-41-42-6, as added by this act, members initially appointed to the board under IC 16-41-42-6(b)(2) and IC 16-41-42-6(b)(3), as added by this act, are appointed for a term of one (1) year.

(f) This SECTION expires July 1, 2011.

SECTION 49. IC 21-16-2-2, AS ADDED BY SEA 526, SECTION 257, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007] Sec. 2. (a) The college work study fund is established to provide reimbursement to eligible employers who enter into agreements with the commission under this chapter.

(b) The fund consists of appropriations from the state general fund and contributions from private sources.

(c) The expenses of administering the fund shall be paid from money in the fund.

(d) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the fund.

(e) Money in the fund at the end of a particular fiscal year does not revert to the state general fund **but remains available to be used for providing reimbursements under this chapter.**

SECTION 50. IC 21-16-4-11, AS ADDED BY SEA 526-2007, SECTION 257, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 11. Funds received under the loan program shall be deposited with the treasurer of state in a separate account known as the "student loan program fund". The money remaining in the student loan program fund at the end of a state fiscal year does not revert to the state general fund **but remains available to be used for providing student loans under this chapter.** After consultation with the program director of the loan program, the treasurer of state shall invest the funds. The income earned on the invested amount is part of the fund.

SECTION 51. IC 21-16-5-17, AS ADDED BY SEA 526-2007, SECTION 257, IS AMENDED TO READ AS FOLLOWS

[EFFECTIVE JULY 1, 2007]: Sec. 17. (a) The secondary market sale fund is established to provide money for school assessment testing and remediation, including reading recovery programs. The fund shall be administered by the budget agency.

(b) The expenses of administering the fund shall be paid from money in the fund. The fund consists of proceeds from the sale of assets of the Indiana Secondary Market for Education Loans, Incorporated.

(c) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest earned from these investments shall be credited to the fund.

(d) Money in the fund at the end of a state fiscal year does not revert to the state general fund **but remains available to be used for providing money for school assessment testing and remediation, including reading recovery programs as allowed under this chapter.**

SECTION 52. IC 21-13-3-2, AS ADDED BY SEA 526-2007, SECTION 254, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) The commission shall administer the fund.

(b) The expenses of administering the fund shall be paid from money in the fund.

(c) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds. Interest that accrues from those investments must be deposited in the fund.

(d) Money in the fund at the end of a fiscal year does not revert to the state general fund **but remains available to be used for providing money for nursing scholarships under this chapter.**

SECTION 53. IC 21-12-8-1, AS ADDED BY SEA 526-2007, SECTION 253, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) The part-time student grant fund is established to make awards authorized under this chapter to eligible applicants.

(b) The fund consists of the following:

(1) Appropriations made by the general assembly.

(2) Gifts, grants, devises, or bequests made to the state to achieve the purposes of the fund.

(c) The fund shall be administered by the commission.

(d) The fund must be separate and distinct from other funds administered by the commission and money in the fund may not be exchanged with or transferred to other funds.

(e) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds are invested.

(f) Money in the fund at the end of a state fiscal year does not revert to the state general fund **but remains available to be used for providing money for part-time student grants under this chapter.**

SECTION 54. IC 21-45-2-1, AS ADDED BY SEA 526-2007, SECTION 286, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. The board of trustees of

Indiana University may establish ~~in the Indiana University School of Medicine a department school~~ of public health. ~~and The board of trustees shall provide adequate equipment and competent personnel to carry out for the purpose of this chapter:~~ **school of public health. The school of public health may use any property acquired before July 1, 2007, by Indiana University for the medical school department of public health.**

SECTION 55. IC 21-45-2-3, AS ADDED BY SEA 526-2007, SECTION 286, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. The ~~Indiana University~~ school of ~~Medicine~~ **public health** may charge and collect a tuition fee for courses provided under section 2 of this chapter. The amount of the tuition fee for a course may not exceed the actual cost of providing the course. However, if, in the discretion of the board of trustees acting in conjunction with the state department of health, a tuition fee at cost would discourage attendance in any course provided under section 2 of this chapter, the tuition fee may be decreased or waived entirely for all persons taking the course.

SECTION 56. IC 21-38-8-2, AS ADDED BY SEA 526-2007, SECTION 279, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) The Indiana excellence in teaching endowment is established to provide state educational institutions with grants to match interest income generated by an endowment to attract and retain distinguished teachers. The fund shall be administered by the council.

(b) The expenses of administering the fund shall be paid from money in the fund.

(c) The treasurer of state shall invest the money in the fund not currently needed to meet obligations of the fund in the same manner as other public funds may be invested.

(d) Money in the fund at the end of the state fiscal year does not revert to the state general fund **but remains available to be used for providing money for grants as allowed under this chapter.**

SECTION 57. IC 21-12-6-2, AS ADDED BY SEA 526-2007, SECTION 253, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) The twenty-first century scholars fund is established to provide the financial resources necessary to award the scholarships authorized under the program.

(b) The commission shall administer the fund.

(c) The expenses of administering the fund shall be paid from money in the fund.

(d) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

(e) Money in the fund at the end of a state fiscal year does not revert to the state general fund **but remains available to be used for providing money for twenty-first century scholarships under this chapter.**

SECTION 58. IC 21-12-7-1, AS ADDED BY SEA 526-2007, SECTION 253, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) The twenty-first century scholars program support fund is established to provide reimbursements to scholarship recipients to offset educational

support costs incurred by scholarship recipients.

(b) The commission shall administer the fund.

(c) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

(d) Money in the fund at the end of a state fiscal year does not revert to the state general fund **but remains available to be used for providing money for twenty-first century scholarships under this chapter.**

SECTION 59. IC 21-13-4-1, AS ADDED BY SEA 526-2007, SECTION 254, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) The National Guard tuition supplement program fund is established to provide the financial resources necessary to award the tuition scholarships authorized under the program.

(b) The commission shall administer the fund.

(c) The expenses of administering the fund shall be paid from money in the fund.

(d) Money in the fund at the end of a state fiscal year does not revert to the state general fund but remains available to be used for providing money for national guard tuition supplement scholarships under this chapter.

SECTION 60. IC 21-43-6-2, AS ADDED BY SEA 526-2007, SECTION 284, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007] Sec. 2. (a) To be eligible to earn a high school diploma, an individual must be either:

- (1) at least nineteen (19) years of age and not enrolled in a high school; or
- (2) at least seventeen (17) years of age and have consent from the high school the individual attended most recently.

(b) The school corporation in which an individual described in this subdivision has legal settlement shall pay the individual's ~~tuition~~ **costs** for high school level courses taken at Ivy Tech Community College during each year the individual is included in the school corporation's ADM.

SECTION 61. IC 21-17-3-8, AS ADDED BY SEA 526-2007, SECTION 258, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) The career college student assurance fund is established to provide indemnification to a student or an enrollee of a postsecondary proprietary educational institution who suffers loss or damage as a result of an occurrence described in section 5(c) of this chapter if the occurrence transpired after June 30, 1992, and as provided in section 25 of this chapter.

(b) The commission shall administer the fund.

(c) The expenses of administering the fund shall be paid from money in the fund.

(d) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

(e) Money in the fund at the end of a state fiscal year does not revert to the state general fund **but remains available to be used for providing money for reimbursements allowed under this chapter.**

(f) Upon the fund acquiring fifty thousand dollars (\$50,000), the balance in the fund must not become less than fifty thousand dollars (\$50,000). If:

- (1) a claim against the fund is filed that would, if paid in full, require the balance of the fund to become less than fifty thousand dollars (\$50,000); and
- (2) the commission determines that the student is eligible for a reimbursement under the fund;

the commission shall prorate the amount of the reimbursement to ensure that the balance of the fund does not become less than fifty thousand dollars (\$50,000), and the student is entitled to receive that balance of the student's claim from the fund as money becomes available in the fund from contributions to the fund required under this chapter.

(g) The commission shall ensure that all outstanding claim amounts described in subsection (f) are paid as money in the fund becomes available in the chronological order of the outstanding claims.

(h) A claim against the fund may not be construed to be a debt of the state.

SECTION 62. IC 20-20-35 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 35. Prekindergarten Grant Pilot Program

Sec. 1. As used in this chapter, "eligible provider" means any of the following:

- (1) School corporations.**
- (2) Any entity providing a prekindergarten program that is accredited by the National Association for the Education of Young Children.**

However, the term does not include a charter school or an entity affiliated with a charter school.

Sec. 2. As used in this chapter, "pilot program" refers to the pilot program established under section 3 of this chapter.

Sec. 3. (a) The department shall establish a pilot program to provide grants to eligible providers selected by the department to implement prekindergarten programs.

(b) The department shall administer the pilot program.

Sec. 4. (a) To be eligible for selection as a pilot program grant recipient, an eligible provider must do the following:

- (1) Apply to the department for a grant, on forms provided by the department, and include a detailed description of the eligible provider's proposed prekindergarten program. The description must include at least the following information:**

(A) An estimate of the number of students likely to participate.

(B) A description of the prekindergarten curriculum that will be instituted by the eligible provider. The prekindergarten curriculum must be consistent with the Foundations to the Indiana Academic Standards for Young Children (or successor standards adopted by the department of education).

(C) A description of how the curriculum of the proposed prekindergarten program aligns with existing programs and standards for students in kindergarten through grade 3.

(D) An estimate of the cost of implementing the prekindergarten program.

(2) Demonstrate a commitment by teachers, parents, and school administrators toward carrying out the proposed prekindergarten program.

(3) Comply with any other requirements set forth by the department.

(b) Subject to section 6 of this chapter, after review of the applications submitted under this section, the department shall do the following:

(1) Select the eligible providers that will participate in the pilot program.

(2) Provide grants to the eligible providers selected to participate in the pilot program.

(c) The education roundtable shall provide recommendations to the department concerning the criteria to be used by the department in selecting the eligible providers that will participate in the pilot program.

(d) The criteria to be used by the department in selecting the eligible providers that will participate in the pilot program must do the following:

(1) Include at least an evaluation of the following:

(A) The information submitted by the eligible provider under subsection (a).

(B) The coordination of the proposed prekindergarten program with local health services and social services.

(2) Take into consideration the requirements of section 6 of this chapter.

Sec. 5. A prekindergarten program that is part of the pilot program and is funded by a grant under this chapter:

(1) may serve only prekindergarten students who are at least four (4) years of age on September 1 of the school year; and

(2) may be a half-day or full-day program.

Sec. 6. The department shall:

(1) select a representative sample of eligible providers, determined through an application procedure, to participate in the pilot program;

(2) give priority to the selection of:

(A) lower performing school corporations; and

(B) private providers of prekindergarten programs located in areas served by lower performing school corporations; and

(3) to the extent possible, select eligible providers so that the pilot program will:

(A) achieve a geographic balance throughout Indiana;

(B) include urban, suburban, and rural eligible providers; and

(C) include both public eligible providers and private

eligible providers.

Sec. 7. Subject to the approval of the department, an eligible provider participating in the pilot program may enter into a contract with an individual or a nonprofit entity for the operation and management of all or any part of a prekindergarten program funded by a grant under this chapter.

Sec. 8. Unexpended money appropriated to the department for the department's use in implementing the pilot program at the end of a state fiscal year does not revert to the state general fund but remains available to the department for the department's continued use under this chapter.

Sec. 9. The department shall adopt rules under IC 4-22-2 to implement this chapter. The rules must include the following:

(1) Minimum requirements concerning the prekindergarten curriculum that must be used by an eligible provider participating in the pilot program. The prekindergarten curriculum must be consistent with the Foundations to the Indiana Academic Standards for Young Children (or successor standards adopted by the department of education).

(2) The maximum class size of a prekindergarten program funded by a grant under this chapter.

(3) A requirement that each class in a prekindergarten program funded by a grant under this chapter must be taught by a teacher who has any of the following:

(A) A prekindergarten teacher's license.

(B) An early childhood education teacher's license.

(C) A degree in early childhood education, child development, elementary education, or early childhood special education.

Sec. 10. (a) Each eligible provider that participates in the pilot program shall annually prepare a written report detailing all the pertinent information concerning the implementation of the pilot program, including any recommendations made and conclusions drawn from the pilot program. The eligible provider must submit the report to the department before July 1 of each year.

(b) Before November 1 of each year, the department shall submit a report to the governor and the general assembly on the pilot program. The report must include the following:

(1) Any conclusions and recommendations made by the department concerning prekindergarten programs.

(2) Information concerning the cost of expanding the pilot program statewide.

(3) A description of any social programs or health programs that could be provided efficiently with prekindergarten programs.

A report submitted under this subsection to the general assembly must be in an electronic format under IC 5-14-6.

(c) The department shall monitor the performance of students who participate in the pilot program as those students continue their education in elementary school.

Sec. 11. This chapter expires July 1, 2014.

SECTION 63. IC 20-43-4-8, AS ADDED BY SEA 526-2007, SECTION 241, IS AMENDED TO READ AS FOLLOWS: [EFFECTIVE JULY 1, 2007]: Sec. 8. A student who participates in:

(1) a postsecondary enrollment program under IC 21-43-4 is considered a student enrolled in the school corporation where the student has legal settlement for the purposes of computing ADM;

(2) a double up for college program under IC 21-43-5 is considered a student enrolled in the school corporation where the student has legal settlement for the purposes of computing ADM;

~~(2)~~ (3) a high school fast track to college program under IC 21-43-6 shall be counted in the ADM of the school corporation where the student has legal settlement if the student would be counted in the ADM of the school corporation had the student enrolled in the school corporation; or

~~(3)~~ (4) a high school fast track to college program under IC 21-43-7 shall be counted in the ADM of the school corporation where the student has legal settlement if the student would be counted in the ADM of the school corporation had the student enrolled in the school corporation.

SECTION 64. IC 21-43-5-2, AS ADDED BY SEA 526-2007, SECTION 284, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. The double up for college program is established for secondary school students in grades 11 and 12. School corporations and state educational institutions may collaborate to offer:

- (1) early college;
- (2) dual credit; or
- (3) dual enrollment;

programs that meet the educational objectives of the school corporation and are offered by the state educational institutions **in secondary school locations.**

SECTION 65. IC 21-43-5-6, AS ADDED BY SEA 526-2007, SECTION 284, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) ~~The Courses offered under the program may include a course that is~~ **must be** listed in the:

- (1) statewide core transfer library courses that are transferable on all campuses of the state educational institutions in accordance with the principles in IC 21-42-5-4; or
- (2) articulation agreements that apply to any campus in the Ivy Tech Community College of Indiana system and to Vincennes University and draw from liberal arts and the technical, professional, and occupational fields.

(b) If a student passes a course through the program that is part of an articulation agreement between the state educational institution offering the course and other state educational institutions, the course shall transfer under the terms and standards of the articulation agreement between the state educational

institutions.

SECTION 66. IC 21-43-5-10, AS ADDED BY SEA 526-2007, SECTION 284, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. A state educational institution may grant financial assistance, **including a waiver of tuition not otherwise covered by IC 21-14-8**, to a student for courses taken under this program based on:

- (1) the student's financial need;
- (2) the student's academic achievement; or
- (3) any other criteria.

SECTION 67. 21-43-5-14 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 14. Ivy Tech Community College is entitled to reimbursement for the costs incurred to deliver courses under this chapter that are taken:**

- (1) at an Ivy Tech Community College site; and**
- (2) by a student for whom Ivy Tech Community College has waived tuition under this chapter or IC 21-14-8.**

The school corporation in which the student described in subdivision (2) resides shall pay the individual's tuition to Ivy Tech Community College for each year the student is included in the school corporation's ADM.

SECTION 68. IC 22-4-26-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) Money credited to the account of this state in the unemployment trust fund by the Secretary of the Treasury of the United States pursuant to 42 U.S.C. 1103, as amended, may be requisitioned and used for the payment of expenses incurred for the administration of this article and public employment offices pursuant to a specific appropriation by the general assembly, provided that the expenses are incurred and the money is requisitioned after the enactment of an appropriation statute which:

- (1) specifies the purposes for which such money is appropriated and the amounts appropriated therefor;
- (2) except as provided in subsection (i), limits the period within which such money may be obligated to a period ending not more than two (2) years after the date of the enactment of the appropriation statute; and
- (3) limits the total amount which may be obligated during a twelve (12) month period beginning on July 1 and ending on the next June 30 to an amount which does not exceed the amount by which:

- (A) the aggregate of the amounts credited to the account of this state pursuant to 42 U.S.C. 1103, as amended, during such twelve (12) month period and the twenty-four (24) preceding twelve (12) month periods; exceeds
- (B) the aggregate of the amounts obligated by this state pursuant to this section and amounts paid out for benefits and charged against the amounts credited to the account of this state during such twenty-five (25) twelve (12) month periods.

(b) For the purposes of this section, amounts obligated by this state during any such twelve (12) month period shall be charged

against equivalent amounts which were first credited and which have not previously been so charged, except that no amount obligated for administration of this article and public employment offices during any such twelve (12) month period may be charged against any amount credited during such twelve (12) month period earlier than the fourteenth preceding such twelve (12) month period.

(c) Amounts credited to the account of this state pursuant to 42 U.S.C. 1103, as amended, may not be obligated except for the payment of cash benefits to individuals with respect to their unemployment and for the payment of expenses incurred for the administration of this article and public employment offices pursuant to this section.

(d) Money appropriated as provided in this section for the payment of expenses incurred for the administration of this article and public employment offices pursuant to this section shall be requisitioned as needed for payment of obligations incurred under such appropriation and upon requisition shall be deposited in the employment and training services administration fund but, until expended, shall remain a part of the unemployment insurance benefit fund. The commissioner shall maintain a separate record of the deposit, obligation, expenditure, and return of funds so deposited. If any money so deposited is for any reason not to be expended for the purpose for which it was appropriated, or if it remains unexpended at the end of the period specified by the statute appropriating such money, it shall be withdrawn and returned to the Secretary of the Treasury of the United States for credit to this state's account in the unemployment trust fund.

(e) There is appropriated out of the funds made available to Indiana under Section 903 of the Social Security Act, as amended by Section 209 of the Temporary Extended Unemployment Compensation Act of 2002 (which is Title II of the federal Jobs Creation and Worker Assistance Act of 2002, Pub.L107-147), seventy-two million two hundred thousand dollars (\$72,200,000) to the department of workforce development. The appropriation made by this subsection is available for ten (10) state fiscal years beginning with the state fiscal year beginning July 1, 2003. Unencumbered money at the end of a state fiscal year does not revert to the state general fund.

(f) Money appropriated under subsection (e) is subject to the requirements of IC 22-4-37-1.

(g) Money appropriated under subsection (e) may be used only for the following purposes:

- (1) The administration of the Unemployment Insurance (UI) program and the Wagner Peyser public employment office program.
- (2) Acquiring land and erecting buildings for the use of the department of workforce development.
- (3) Improvements, facilities, paving, landscaping, and equipment repair and maintenance that may be required by the department of workforce development.

(h) In accordance with the requirements of subsection (g), the department of workforce development may allocate up to the following amounts from the amount described in subsection (e) for

the following purposes:

(1) Thirty-nine million two hundred thousand dollars (\$39,200,000) to be used for the modernization of the Unemployment Insurance (UI) system beginning July 1, 2003, and ending June 30, 2013.

(2) For:

(A) the state fiscal year beginning after June 30, 2003, and ending before July 1, 2004, five million dollars (\$5,000,000);

(B) the state fiscal year beginning after June 30, 2004, and ending before July 1, 2005, five million dollars (\$5,000,000);

(C) the state fiscal year beginning after June 30, 2005, and ending before July 1, 2006, five million dollars (\$5,000,000);

(D) the state fiscal year beginning after June 30, 2006, and ending before July 1, 2007, five million dollars (\$5,000,000); ~~and~~

(E) the state fiscal year beginning after June 30, 2007, and ending before July 1, 2008, five million dollars (\$5,000,000); **and**

(F) state fiscal years beginning after June 30, 2008, and ending before July 1, 2012, the unused part of any amount allocated in any year for any purpose under this subsection;

for the JOBS proposal to meet the workforce needs of Indiana employers in high wage, high skill, high demand occupations.

(3) For:

(A) the state fiscal year beginning after June 30, 2003, and ending before July 1, 2004, four million dollars (\$4,000,000);

(B) the state fiscal year beginning after June 30, 2004, and ending before July 1, 2005, four million dollars (\$4,000,000);

to be used by the workforce investment boards in the administration of Indiana's public employment offices.

(i) The amount appropriated under subsection (e) for the payment of expenses incurred in the administration of this article and public employment is not required to be obligated within the two (2) year period described in subsection (a)(2).

SECTION 69. IC 33-37-5-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 21. (a) This section applies to all civil, criminal, infraction, and ordinance violation actions.

(b) The clerk shall collect ~~the following a seven dollar (\$7)~~ automated record keeping fee.

(1) Seven dollars (\$7) after June 30, 2003, and before July 1, ~~2009~~ **2011**.

(2) Four dollars (\$4) after June 30, ~~2009~~ **2011**.

SECTION 70. IC 34-30-2-83.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 83.5. IC 16-41-42-6 (Concerning members of the spinal cord and brain injury**

research board).

SECTION 71. IC 35-38-4-7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 7. (a) This section applies to state reimbursement of expenses for conducting a new trial if:**

- (1) a defendant is convicted of an offense in a criminal proceeding conducted in a trial court;**
- (2) the defendant appeals the defendant's conviction to the Indiana court of appeals or Indiana supreme court; and**
- (3) the court of appeals or supreme court remands the case to the trial court for a new trial.**

(b) Subject to subsection (d), the state shall reimburse the trial court, the prosecuting attorney, and, if the defendant is represented by a public defender, the public defender for expenses:

- (1) incurred by the trial court, prosecuting attorney, and public defender in conducting a new trial described in subsection (a); and**
- (2) that would ordinarily be paid by the county in which the trial court is located.**

(c) The expenses of a trial court, prosecuting attorney, and public defender reimbursed under this section:

- (1) may not include any salary or other remuneration paid to a trial court judge, prosecuting attorney, deputy prosecuting attorney, or public defender; and**
- (2) must be paid from money in the state general fund.**

(d) The office division of state court administration (IC 33-24-6-1) shall administer a program to pay claims for reimbursement under this section. The maximum amount that may be reimbursed for all proceedings and all offenses arising out of the same facts is fifty thousand dollars (\$50,000). The maximum amount that may be paid in any particular year for all expenses otherwise eligible for reimbursement under this section is one million dollars (\$1,000,000). If the total of all claims that would otherwise be eligible for reimbursement under this section exceed the maximum amount that may be reimbursed under this subsection, the division of state court administration shall prorate reimbursement of eligible expenses, as determined by the division of state court administration.

SECTION 72. IC 4-13-2-20, AS AMENDED BY SEA 526-2007, SECTION 36, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 20. (a)** Except as otherwise provided in this section, IC 12-17-19-19, or IC 12-8-10-7, payment for any services, supplies, materials, or equipment shall not be paid from any fund or state money in advance of receipt of such services, supplies, materials, or equipment by the state.

(b) With the prior approval of the budget agency, payment may be made in advance for any of the following:

- (1) War surplus property.**
- (2) Property purchased or leased from the United States government or its agencies.**

(3) Dues and subscriptions.

(4) License fees.

(5) Insurance premiums.

(6) Utility connection charges.

(7) Federal grant programs where advance funding is not prohibited and, except as provided in subsection (i), the contracting party posts sufficient security to cover the amount advanced.

(8) Grants of state funds authorized by statute.

(9) Employee expense vouchers.

(10) Beneficiary payments to the administrator of a program of self-insurance.

(11) Services, supplies, materials, or equipment to be received from an agency or from a body corporate and politic.

(12) Expenses for the operation of offices that represent the state under contracts with the Indiana economic development corporation and that are located outside Indiana.

(13) Services, supplies, materials, or equipment to be used for more than one (1) year under a discounted contractual arrangement funded through a designated leasing entity.

(14) Maintenance of equipment and maintenance of software if there are appropriate contractual safeguards for refunds as determined by the budget agency.

(15) Exhibits, artifacts, specimens, or other unique items of cultural or historical value or interest purchased by the state museum.

(c) Any agency and any state educational institution may make advance payments to its employees for duly accountable expenses exceeding ten dollars (\$10) incurred through travel approved by:

- (1) the employee's respective agency director, in the case of an agency; and**
- (2) a duly authorized person, in the case of any state educational institution.**

(d) The auditor of state may, with the approval of the budget agency and of the commissioner of the Indiana department of administration:

- (1) appoint a special disbursing officer for any agency or group of agencies whenever it is necessary or expedient that a special record be kept of a particular class of disbursements or when disbursements are made from a special fund; and**
- (2) approve advances to the special disbursing officer or officers from any available appropriation for the purpose.**

(e) The auditor of state shall issue the auditor's warrant to the special disbursing officer to be disbursed by the disbursing officer as provided in this section. Special disbursing officers shall in no event make disbursements or payments for supplies or current operating expenses of any agency or for contractual services or equipment not purchased or contracted for in accordance with this chapter and IC 5-22. No special disbursing officer shall be appointed and no money shall be advanced until procedures covering the operations of special disbursing officers have been adopted by the Indiana department of administration and approved by the budget agency. These procedures must include the following

provisions:

- (1) Provisions establishing the authorized levels of special disbursing officer accounts and establishing the maximum amount which may be expended on a single purchase from special disbursing officer funds without prior approval.
- (2) Provisions requiring that each time a special disbursing officer makes an accounting to the auditor of state of the expenditure of the advanced funds, the auditor of state shall request that the Indiana department of administration review the accounting for compliance with IC 5-22.
- (3) A provision that, unless otherwise approved by the commissioner of the Indiana department of administration, the special disbursing officer must be the same individual as the procurements agent under IC 4-13-1.3-5.
- (4) A provision that each disbursing officer be trained by the Indiana department of administration in the proper handling of money advanced to the officer under this section.
- (f) The commissioner of the Indiana department of administration shall cite in a letter to the special disbursing officer the exact purpose or purposes for which the money advanced may be expended.
- (g) A special disbursing officer may issue a check to a person without requiring a certification under IC 5-11-10-1 if the officer:
- (1) is authorized to make the disbursement; and
 - (2) complies with procedures adopted by the state board of accounts to govern the issuance of checks under this subsection.
- (h) A special disbursing officer is not personally liable for a check issued under subsection (g) if:
- (1) the officer complies with the procedures described in subsection (g); and
 - (2) funds are appropriated and available to pay the warrant.
- (i) For contracts entered into between the department of workforce development or the Indiana commission ~~on vocational~~ **for career** and technical education and:
- (1) a school corporation (as defined in IC 20-18-2-16); or
 - (2) a state educational institution;
- the contracting parties are not required to post security to cover the amount advanced.
- SECTION 73. IC 4-23-20-3, AS AMENDED BY P.L.161-2006, SECTION 2, AND AS AMENDED BY P.L.141-2006, SECTION 6, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. The committee consists of at least six (6) members appointed by the governor and must include representatives of the following:
- (1) The Indiana economic development corporation.
 - (2) The department of workforce development.
 - (3) The division of disability ~~aging~~, and rehabilitative services.
 - (4) The commission ~~on vocational~~ **for career** and technical education of the department of workforce development.
 - (5) The state ~~human resource investment workforce innovation~~ council.

(6) The department of education.

SECTION 74. IC 21-18-1-7, AS ADDED BY SEA 526-2007, SECTION 259, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. ~~"Vocational "~~ **"Career and technical** education" means any postsecondary vocational, agricultural, occupational, manpower, employment, or technical training or retraining of less than a baccalaureate level that:

- (1) is offered by a state educational institution; and
- (2) enhances an individual's career potential.

SECTION 75. IC 21-18-6-1, AS ADDED BY SEA 526-2007, SECTION 259, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. The general purposes of the commission are the following:

- (1) Plan for and coordinate Indiana's state supported system of postsecondary education.
- (2) Review appropriation requests of state educational institutions.
- (3) Make recommendations to the governor, budget agency, or the general assembly concerning postsecondary education.
- (4) Perform other functions assigned by the governor or the general assembly, except those functions specifically assigned by law to the commission ~~on vocational~~ **for career** and technical education.

SECTION 76. IC 21-18-10-1, AS ADDED BY SEA 526-2007, SECTION 259, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. The commission may consult with and make recommendations to the commission ~~on vocational~~ **for career** and technical education on all postsecondary ~~vocational~~ **career and technical** education programs.

SECTION 77. IC 21-18-10-2, AS ADDED BY SEA 526-2007, SECTION 259, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007] Sec. 2. The commission shall biennially prepare a plan for implementing postsecondary ~~vocational~~ **career and technical** education programming after considering the long range state plan developed under IC 22-4.1-13-9. The commission shall submit the ~~vocational~~ **education** plan to the commission ~~on vocational~~ **for career** and technical education for its review and recommendations. The commission shall specifically report on how the ~~vocational~~ **education** plan addresses preparation for employment.

SECTION 78. IC 21-18-10-3, AS ADDED BY SEA 526-2007, SECTION 259, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007] Sec. 3. The commission may also make recommendations to the general assembly concerning the ~~vocational~~ **education** plan **under section 2 of this chapter.**

SECTION 79. IC 21-18-10-4, AS ADDED BY SEA 526-2007, SECTION 259, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007] Sec. 4. The commission may submit to the commission ~~on vocational~~ **for career** and technical education for its review under IC 22-4.1-13-15 the legislative budget requests prepared by state educational institutions for state and federal funds for ~~vocational~~ **career and technical** education. These budget requests must:

- (1) be prepared upon request of the budget director;
- (2) cover the period determined by the budget director; and
- (3) be made available to the commission ~~on vocational~~ **for career** and technical education before review by the budget committee.

SECTION 80. IC 21-18-10-5, AS ADDED BY SEA 526-2007, SECTION 259, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007] Sec. 5. The commission may:

- (1) make or cause to be made studies of the needs for various types of postsecondary ~~vocational career and technical~~ education; and
- (2) submit to the commission ~~on vocational for career and technical~~ education the commission's findings in this regard.

SECTION 81. IC 21-18-10-6, AS ADDED BY SEA 526-2007, SECTION 259, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007] Sec. 6. (a) The commission may develop a definition for and report biennially to the:

- (1) general assembly;
- (2) governor; and
- (3) commission ~~on vocational for career and technical~~ education within the department of workforce development; on attrition and persistence rates by students enrolled in state ~~vocational career and technical~~ education.

(b) A report under this section to the general assembly must be in an electronic format under IC 5-14-6.

SECTION 82. IC 21-43-30-5, AS ADDED BY SEA 526-2007, SECTION 284, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007] Sec. 5. The Indiana commission ~~on vocational for career and technical~~ education shall do the following:

- (1) Provide opportunities for adult learners to achieve a postsecondary level certificate of achievement.
- (2) Adopt rules under IC 4-22-2 to implement this chapter in accordance with the recommendations of the workforce proficiency panel concerning standards for the certificates of achievement.

SECTION 83. IC 21-42-2-2, AS ADDED BY SEA 526-2007, SECTION 283, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007] Sec. 2. A state educational institution may award advanced standing to a student who has successfully completed ~~vocational career and technical~~ education courses at another postsecondary institution or at a secondary school. However, the state educational institution may require the student to successfully complete:

- (1) equivalency testing;
- (2) testing of competency; or
- (3) an additional course;

in the subject area before awarding credit for those ~~vocational career and technical~~ education courses.

SECTION 84. IC 21-42-2-3, AS ADDED BY SEA 526-2007, SECTION 283, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007] Sec. 3. A state educational institution and:

- (1) a school corporation; or
- (2) another postsecondary institution;

may enter into a contract providing the terms and conditions under which the state educational institution will award advanced standing to a student who has successfully completed ~~vocational career and technical~~ education courses offered by the school corporation or other postsecondary institution.

SECTION 85. IC 21-22-6-8, AS ADDED BY SEA 526-2007, SECTION 263, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007] Sec. 8. A regional board shall do the following:

- (1) Make a careful analysis of the educational needs and opportunities of the region.
- (2) Develop and recommend to the state board of trustees, a plan for providing postsecondary:
 - (A) general education;
 - (B) liberal arts education; and
 - (C) occupational and technical education;

for the residents of that region.

- (3) Develop and recommend a budget for regional programs and operations.
- (4) Identify and recommend alternative methods of acquiring or securing facilities and equipment necessary for the delivery of effective regional programs.
- (5) Facilitate and develop regional cooperation with employers, community leaders, economic development efforts, area ~~vocational career and technical~~ education centers, and other public and private education and training entities in order to provide postsecondary general, liberal arts, and occupational and technical education and training in an efficient and cost effective manner and to avoid duplication of services.
- (6) Determine through evaluation, studies, or assessments the degree to which the established training needs of the region are being met.
- (7) Make recommendations to the state board of trustees concerning policies that appear to substantially affect the regional board's capacity to deliver effective and efficient programming.

SECTION 86. IC 20-18-2-26, AS ADDED BY P.L.1-2005, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 26. (a) "Transferred student" means a student attending school in a school corporation in which the student does not have legal settlement.

(b) For purposes of subsection (a), a student is considered attending school in a school corporation when:

- (1) the student is confined by a disability to a place outside the school corporation's facilities and receives instruction from school corporation personnel;
- (2) the student attends a special **education school** or ~~vocational career and technical~~ education school in which the school corporation of the student's legal settlement provides cooperatively a portion of the cost; or

(3) the student is in another similar situation.

SECTION 87. IC 20-19-2-17, AS ADDED BY P.L.1-2005, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 17. The provisions of an act of Congress entitled "An act to provide for the promotion of vocational education; to provide for cooperation with the states in the promotion of such education in agriculture and the trades and industries; to provide for cooperation with the states in the preparation of teachers of ~~vocational~~ **career and technical education** subjects; and to appropriate money and regulate its expenditure," are accepted by the state as to the following:

(1) Appropriations for the salaries of:

- (A) teachers;
- (B) supervisors; or
- (C) directors;

of agricultural subjects.

(2) Appropriations for salaries for teachers of trade and industrial subjects.

(3) Appropriations for the training of teachers of ~~vocational~~ **career and technical education** subjects.

SECTION 88. IC 20-19-2-18, AS ADDED BY P.L.1-2005, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 18. (a) The treasurer of state is designated as the custodian for ~~vocational~~ **career and technical education**.

(b) The treasurer of state shall do the following:

(1) Receive money paid to the state from the United States treasury under the act of Congress described in section 17 of this chapter.

(2) Pay the money described in subdivision (1), upon the warrant of the auditor of state, when the money is certified by the state board.

SECTION 89. IC 20-19-2-19, AS ADDED BY P.L.1-2005, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 19. The state board:

(1) is designated as the state agency to carry out the provisions of the act of Congress described in section 17 of this chapter, so far as the act relates to the cooperation of the state and federal government; and

(2) may take all necessary steps in:

- (A) forming plans to promote education in agriculture, trades, and industries; and
- (B) forming and executing plans to prepare teachers of ~~vocational~~ **career and technical** subjects.

SECTION 90. IC 20-20-1-2, AS ADDED BY P.L.1-2005, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) As used in this chapter, "educational service center" means an extended agency of school corporations that:

- (1) operates under rules established by the state board;
- (2) is the administrative and operational unit that serves a definitive geographical boundary; and
- (3) allows school corporations to voluntarily cooperate and

share programs and services that the school corporations cannot individually provide but collectively may implement.

(b) Programs and services collectively implemented through an educational service center may include, but are not limited to, the following:

- (1) Curriculum development.
- (2) Pupil personnel and special education services.
- (3) In-service education.
- (4) State-federal liaison services.
- (5) Instructional materials and multimedia services.
- (6) ~~Vocational and~~ **Career and technical** education.
- (7) Purchasing and financial management.
- (8) Needs assessment.
- (9) Computer use.
- (10) Research and development.

SECTION 91. IC 20-20-8-8, AS AMENDED BY P.L.185-2006, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. The report must include the following information:

- (1) Student enrollment.
- (2) Graduation rate (as defined in IC 20-26-13-6).
- (3) Attendance rate.
- (4) The following test scores, including the number and percentage of students meeting academic standards:
 - (A) ISTEP program test scores.
 - (B) Scores for assessments under IC 20-32-5-21, if appropriate.
 - (C) For a freeway school, scores on a locally adopted assessment program, if appropriate.
- (5) Average class size.
- (6) The number and percentage of students in the following groups or programs:
 - (A) Alternative education, if offered.
 - (B) ~~Vocational Career and technical~~ education.
 - (C) Special education.
 - (D) Gifted or talented **education**, if offered.
 - (E) Remediation.
 - (F) Limited English language proficiency.
 - (G) Students receiving free or reduced price lunch under the national school lunch program.
 - (H) School flex program, if offered.
- (7) Advanced placement, including the following:
 - (A) For advanced placement tests, the percentage of students:
 - (i) scoring three (3), four (4), and five (5); and
 - (ii) taking the test.
 - (B) For the Scholastic Aptitude Test:
 - (i) test scores for all students taking the test;
 - (ii) test scores for students completing the academic honors diploma program; and
 - (iii) the percentage of students taking the test.
- (8) Course completion, including the number and percentage of students completing the following programs:

- (A) Academic honors diploma.
- (B) Core 40 curriculum.
- (C) ~~Vocational~~ **Career and technical** programs.
- (9) The percentage of grade 8 students enrolled in algebra I.
- (10) The percentage of graduates who pursue higher education.
- (11) School safety, including:
 - (A) the number of students receiving suspension or expulsion for the possession of alcohol, drugs, or weapons; and
 - (B) the number of incidents reported under IC 20-33-9.
- (12) Financial information and various school cost factors, including the following:
 - (A) Expenditures per pupil.
 - (B) Average teacher salary.
 - (C) Remediation funding.
- (13) Technology accessibility and use of technology in instruction.
- (14) Interdistrict and intradistrict student mobility rates, if that information is available.
- (15) The number and percentage of each of the following within the school corporation:
 - (A) Teachers who are certificated employees (as defined in IC 20-29-2-4).
 - (B) Teachers who teach the subject area for which the teacher is certified and holds a license.
 - (C) Teachers with national board certification.
- (16) The percentage of grade 3 students reading at grade 3 level.
- (17) The number of students expelled, including the number participating in other recognized education programs during their expulsion.
- (18) Chronic absenteeism, which includes the number of students who have been absent more than ten (10) days from school within a school year without being excused.
- (19) The number of students who have dropped out of school, including the reasons for dropping out.
- (20) The number of student work permits revoked.
- (21) The number of student driver's licenses revoked.
- (22) The number of students who have not advanced to grade 10 due to a lack of completed credits.
- (23) The number of students suspended for any reason.
- (24) The number of students receiving an international baccalaureate diploma.
- (25) Other indicators of performance as recommended by the education roundtable under IC 20-19-4.

SECTION 92. IC 20-20-13-6, AS AMENDED BY P.L.2-2006, SECTION 81, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) The educational technology program and fund is established to provide and extend educational technologies to elementary and secondary schools for:

- (1) the 4R's technology grant program to assist school corporations (on behalf of public schools) in purchasing

technology equipment:

- (A) for kindergarten and grade 1 students, to learn reading, writing, and arithmetic using technology;
- (B) for students in all grades, to understand that technology is a tool for learning; and
- (C) for students in kindergarten through grade 3 who have been identified as needing remediation, to offer daily remediation opportunities using technology to prevent those students from failing to make appropriate progress at the particular grade level;
- (2) providing educational technologies, including computers in the homes of students;
- (3) conducting educational technology training for teachers; and
- (4) other innovative educational technology programs.
- (b) The department may also use money in the fund under contracts entered into with the office of technology established by IC 4-13.1-2-1 to study the feasibility of establishing an information telecommunications gateway that provides access to information on employment opportunities, career development, and instructional services from data bases operated by the state among the following:
 - (1) Elementary and secondary schools.
 - (2) Institutions of higher learning.
 - (3) ~~Vocational~~ **Career and technical** educational centers and institutions.
 - (4) Libraries.
 - (5) Any other agencies offering education and training programs.
- (c) The fund consists of:
 - (1) state appropriations;
 - (2) private donations to the fund;
 - (3) money directed to the fund from the corporation for educational technology under IC 20-20-15; or
 - (4) any combination of the amounts described in subdivisions (1) through (3).
- (d) The program and fund shall be administered by the department.
- (e) Unexpended money appropriated to or otherwise available in the fund for the department's use in implementing the program under this chapter at the end of a state fiscal year does not revert to the state general fund but remains available to the department for use under this chapter.

(f) Subject to section 7 of this chapter, a school corporation may use money from the school corporation's capital projects fund as permitted under IC 20-40-8 for educational technology equipment.

SECTION 93. IC 20-20-20-1, AS ADDED BY P.L.1-2005, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. As used in this chapter, "commission" refers to the Indiana commission ~~on vocational~~ **for career** and technical education of the department of workforce development established by IC 22-4.1-13-6.

SECTION 94. IC 20-20-20-2, AS ADDED BY P.L.1-2005, SECTION 4, IS AMENDED TO READ AS FOLLOWS

[EFFECTIVE JULY 1, 2007]: Sec. 2. As used in this chapter, ~~"vocational"~~ **"career and technical"** education" means any secondary level vocational, agricultural, occupational, manpower, or technical training or retraining that:

- (1) enhances an individual's career potential and further education; and
- (2) is accessible to individuals who desire to explore and learn for economic and personal growth leading to employment opportunities.

SECTION 95. IC 20-20-20-3, AS ADDED BY P.L.1-2005, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) The state board shall do the following:

(1) Establish and monitor the operation of secondary level ~~vocational~~ **career and technical** education in Indiana in accordance with the comprehensive long range state plan developed by the commission under IC 22-4.1-13-9.

(2) Establish a list of approved secondary level ~~vocational~~ **career and technical** education courses in accordance with the workforce partnership plans under IC 22-4.1-14.

(b) The state board may authorize the department, whenever practical or necessary, to assist in carrying out the duties prescribed by this chapter.

(c) The state board shall do the following:

(1) Implement, to the best of its ability, its ~~vocational~~ **career and technical** education plan prepared under section 4 of this chapter.

(2) Investigate the funding of ~~vocational~~ **career and technical** education on a cost basis.

(3) Cooperate with the commission in implementing the long range plan prepared by the commission under IC 22-4.1-13-9.

SECTION 96. IC 20-20-20-4, AS ADDED BY P.L.1-2005, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. The state board shall biennially prepare a plan for implementing ~~vocational~~ **career and technical** education and shall submit the plan to the commission for its review and recommendations.

SECTION 97. IC 20-20-20-5, AS ADDED BY P.L.1-2005, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. The state board shall make recommendations to the commission on all secondary level ~~vocational~~ **career and technical** education.

SECTION 98. IC 20-20-20-6, AS ADDED BY P.L.1-2005, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. Upon request of the budget director, the department shall prepare a legislative budget request for state and federal funds for ~~vocational~~ **career and technical** education. The budget director shall determine the period to be covered by the budget request. This budget request shall be made available to the commission under IC 22-4.1-13-15 before review by the budget committee.

SECTION 99. IC 20-20-20-7, AS ADDED BY P.L.1-2005, SECTION 4, IS AMENDED TO READ AS FOLLOWS

[EFFECTIVE JULY 1, 2007]: Sec. 7. The department shall distribute state funds made available for ~~vocational~~ **career and technical** education that have been appropriated by the general assembly in accordance with the general assembly appropriation and the plan prepared by the state board under section 4 of this chapter.

SECTION 100. IC 20-20-20-8, AS ADDED BY P.L.1-2005, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. The state board shall develop a definition for and report biennially to the:

- (1) general assembly;
- (2) governor; and
- (3) commission;

on attrition and persistence rates by students enrolled in secondary ~~vocational~~ **career and technical** education. A biennial report under this section to the general assembly must be in an electronic format under IC 5-14-6.

SECTION 101. IC 20-22-2-12, AS ADDED BY P.L.1-2005, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. The school may establish a ~~vocational~~ **career and technical** work-study program.

SECTION 102. IC 20-25-4-17, AS ADDED BY P.L.1-2005, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 17. (a) If a school city acquires title to or possession of real estate, buildings, and personal property in the school city by gift or donation, and the real estate, building, or personal property was used as an industrial or trade school for the education of youths in the trades of:

- (1) printing;
- (2) lithography;
- (3) machine making;
- (4) molding;
- (5) typesetting;
- (6) bricklaying;
- (7) tile setting;
- (8) pattern making;
- (9) pharmacy; or
- (10) other trades or occupations;

the board may, by the use of the board's school funds, maintain and operate the industrial or trade school or schools.

(b) If real estate, a building, or personal property is acquired by the school city under subsection (a), the board shall:

- (1) perform any conditions incident to the school city's acquisition of the property;
- (2) maintain and operate the trade school and real estate, building, or personal property;
- (3) employ competent instructors in the various subjects to be taught;
- (4) purchase all necessary tools, implements, supplies, and apparatus; and
- (5) establish general rules and requirements for:
 - (A) admission of pupils to the school or schools;
 - (B) the courses of instruction; and

(C) the conduct of the trade or industrial schools; that, in the board's judgment, will produce the best results and give instruction to the largest practicable number of students. The school city may also use the real estate, building, or personal property acquired under subsection (a) for other school purposes, but not for any purpose that will materially interfere with the conduct of the trade or industrial schools.

(c) The transfer tuition charge for each student who:

- (1) is transferred to the school city from another school corporation in Indiana; and
- (2) receives trade or industrial instruction in a trade or industrial school located on property acquired under subsection (a);

must be the actual per capita cost of operating the school the student attends. However, the costs of permanent improvements or additions, the salaries of the superintendents, or the costs of apparatus or repairing broken or damaged apparatus may not be used in computing the actual per capita cost.

(d) If the school city admits a student to a trade school acquired by means described in this section and the student is not, by law, entitled to school privileges, the tuition charge for the student may not be greater than the per capita cost of operating the school the student attends. The cost of permanent improvements and additions may not be included in computing the cost under this subsection.

(e) A school city may admit to the school city's ~~vocational;~~ **career and technical**, trade, or industrial schools nonresidents of Indiana. A nonresident student must pay reasonable laboratory and shop fees and a tuition fee of not more than the per student cost to the school city conducting the ~~vocational;~~ **career and technical**, trade, or industrial schools. A return on capital invested in buildings, grounds, or equipment may not be included in computing the per student cost under this subsection.

SECTION 103. IC 20-25-4-18, AS ADDED BY P.L.1-2005, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 18. (a) A school city may accept property in trust to be used for common school or ~~vocational;~~ **career and technical**, trade, or industrial school purposes. The school city, whether made trustee by appointment of a court or by the founder of the trust, may carry out the terms of the trust in conducting common schools or ~~vocational;~~ **career and technical**, trade, or industrial schools.

(b) If a school city by:

- (1) resolution of; or
- (2) other formal corporate action of;

the board accepts real estate or other property in trust under subsection (a), the school city shall perform all requirements made conditions of the trust performable by the trustee.

SECTION 104. IC 20-26-10-1, AS ADDED BY P.L.1-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. As used in sections 2 through 9 of this chapter, "joint program" means the joint employment of personnel, joint purchase of supplies or other material, or joint purchase or lease of equipment, joint lease of land or buildings, or

both, or joint construction of, remodeling of, or additions to school buildings, by two (2) or more school corporations, for a particular program or purpose. The term includes the joint investment of money under IC 5-13, data processing operations, ~~vocational~~ **career and technical** education, psychological services, audiovisual services, guidance services, special education, and joint purchasing related to the acquisition of supplies or equipment that are not to be used jointly.

SECTION 105. IC 20-26-11-13, AS AMENDED BY P.L.2-2006, SECTION 130, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13. (a) As used in this section, the following terms have the following meanings:

(1) "Class of school" refers to a classification of each school or program in the transferee corporation by the grades or special programs taught at the school. Generally, these classifications are denominated as kindergarten, elementary school, middle school or junior high school, high school, and special schools or classes, such as schools or classes for special education, ~~vocational training;~~ **career and technical education**, or career education.

(2) "Special equipment" means equipment that during a school year:

- (A) is used only when a child with disabilities is attending school;
- (B) is not used to transport a child to or from a place where the child is attending school;
- (C) is necessary for the education of each child with disabilities that uses the equipment, as determined under the individualized education program for the child; and
- (D) is not used for or by any child who is not a child with disabilities.

(3) "Student enrollment" means the following:

- (A) The total number of students in kindergarten through grade 12 who are enrolled in a transferee school corporation on a date determined by the state board.
- (B) The total number of students enrolled in a class of school in a transferee school corporation on a date determined by the state board.

However, a kindergarten student shall be counted under clauses (A) and (B) as one-half (½) student. The state board may select a different date for counts under this subdivision. However, the same date shall be used for all school corporations making a count for the same class of school.

(b) Each transferee corporation is entitled to receive for each school year on account of each transferred student, except a student transferred under section 6 of this chapter, transfer tuition from the transferor corporation or the state as provided in this chapter. Transfer tuition equals the amount determined under STEP THREE of the following formula:

STEP ONE: Allocate to each transfer student the capital expenditures for any special equipment used by the transfer student and a proportionate share of the operating costs incurred by the transferee school for the class of school where

the transfer student is enrolled.

STEP TWO: If the transferee school included the transfer student in the transferee school's ADM for a school year, allocate to the transfer student a proportionate share of the following general fund revenues of the transferee school for, except as provided in clause (C), the calendar year in which the school year ends:

- (A) State tuition support distributions.
- (B) Property tax levies.
- (C) Excise tax revenue (as defined in IC 20-43-1-12) received for deposit in the calendar year in which the school year begins.
- (D) Allocations to the transferee school under IC 6-3.5.

STEP THREE: Determine the greater of:

- (A) zero (0); or
- (B) the result of subtracting the STEP TWO amount from the STEP ONE amount.

If a child is placed in an institution or facility in Indiana under a court order, the institution or facility shall charge the county office of the county of the student's legal settlement under IC 12-19-7 for the use of the space within the institution or facility (commonly called capital costs) that is used to provide educational services to the child based upon a prorated per student cost.

(c) Operating costs shall be determined for each class of school where a transfer student is enrolled. The operating cost for each class of school is based on the total expenditures of the transferee corporation for the class of school from its general fund expenditures as specified in the classified budget forms prescribed by the state board of accounts. This calculation excludes:

- (1) capital outlay;
- (2) debt service;
- (3) costs of transportation;
- (4) salaries of board members;
- (5) contracted service for legal expenses; and
- (6) any expenditure that is made out of the general fund from extracurricular account receipts;

for the school year.

(d) The capital cost of special equipment for a school year is equal to:

- (1) the cost of the special equipment; divided by
- (2) the product of:
 - (A) the useful life of the special equipment, as determined under the rules adopted by the state board; multiplied by
 - (B) the number of students using the special equipment during at least part of the school year.

(e) When an item of expense or cost described in subsection (c) cannot be allocated to a class of school, it shall be prorated to all classes of schools on the basis of the student enrollment of each class in the transferee corporation compared with the total student enrollment in the school corporation.

(f) Operating costs shall be allocated to a transfer student for each school year by dividing:

- (1) the transferee school corporation's operating costs for the

class of school in which the transfer student is enrolled; by
(2) the student enrollment of the class of school in which the transfer student is enrolled.

When a transferred student is enrolled in a transferee corporation for less than the full school year of student attendance, the transfer tuition shall be calculated by the part of the school year for which the transferred student is enrolled. A school year of student attendance consists of the number of days school is in session for student attendance. A student, regardless of the student's attendance, is enrolled in a transferee school unless the student is no longer entitled to be transferred because of a change of residence, the student has been excluded or expelled from school for the balance of the school year or for an indefinite period, or the student has been confirmed to have withdrawn from school. The transferor and the transferee corporation may enter into written agreements concerning the amount of transfer tuition due in any school year. If an agreement cannot be reached, the amount shall be determined by the state board, and costs may be established, when in dispute, by the state board of accounts.

(g) A transferee school shall allocate revenues described in subsection (b) STEP TWO to a transfer student by dividing:

- (1) the total amount of revenues received; by
- (2) the ADM of the transferee school for the school year that ends in the calendar year in which the revenues are received.

However, for state tuition support distributions or any other state distribution computed using less than the total ADM of the transferee school, the transferee school shall allocate the revenues to the transfer student by dividing the revenues that the transferee school is eligible to receive in a calendar year by the student count used to compute the state distribution.

(h) Instead of the payments provided in subsection (b), the transferor corporation or state owing transfer tuition may enter into a long term contract with the transferee corporation governing the transfer of students. The contract may:

- (1) be entered into for a period of not more than five (5) years with an option to renew;
- (2) specify a maximum number of students to be transferred; and
- (3) fix a method for determining the amount of transfer tuition and the time of payment, which may be different from that provided in section 14 of this chapter.

(i) ~~If the A school corporation can meet the requirements of IC 20-43-9-8,~~ it may negotiate transfer tuition agreements with a neighboring school corporation that can accommodate additional students. Agreements under this section may:

- (1) be for one (1) year or longer; and
- (2) fix a method for determining the amount of transfer tuition or time of payment that is different from the method, amount, or time of payment that is provided in this section or section 14 of this chapter.

A school corporation may not transfer a student under this section without the prior approval of the child's parent.

(j) If a school corporation experiences a net financial impact with

regard to transfer tuition that is negative for a particular school year as described in IC 20-45-6-8, the school corporation may appeal for an excessive levy as provided under IC 20-45-6-8.

SECTION 106. IC 20-26-11-20, AS AMENDED BY P.L.2-2006, SECTION 131, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 20. (a) As used in sections 19 through 29 of this chapter, "class of school" refers to a classification of each school in the transferee corporation by the grades taught therein (generally denominated as elementary schools, middle schools or junior high schools, high schools, and special schools such as schools for special education, ~~vocational training,~~ **career and technical education**, or career education). Elementary schools include schools containing kindergarten, but for purposes of this chapter, a kindergarten student shall be counted as one-half (½) student.

(b) As used in sections 19 through 29 of this chapter, "transferee corporation" means the school corporation receiving students under a court order described in section 19 of this chapter.

(c) As used in sections 19 through 29 of this chapter, "transferor corporation" means the school corporation transferring students under a court order described in section 19 of this chapter.

(d) As used in sections 19 through 29 of this chapter, "transferred student" means any student transferred under a court order described in section 19 of this chapter.

SECTION 107. IC 20-28-2-2, AS ADDED BY P.L.246-2005, SECTION 138, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) The advisory board of the division of professional standards is established to advise the superintendent, the board, the department, and the division on matters concerning teacher education, licensing, and professional development. The advisory board consists of nineteen (19) voting members.

(b) Except as otherwise provided, each voting member of the advisory board described in this subsection must be actively employed by a school corporation. Eighteen (18) members shall be appointed by the governor as follows:

(1) One (1) member must hold a license and be actively employed in a public school as an Indiana school superintendent.

(2) Two (2) members must:

- (A) hold licenses as public school principals;
- (B) be actively employed as public school principals; and
- (C) be employed at schools having dissimilar grade level configurations.

(3) One (1) member must:

- (A) hold a license as a special education director; and
- (B) be actively employed as a special education director in:
 - (i) a school corporation; or
 - (ii) a public school special education cooperative.

(4) One (1) member must be a member of the governing body of a school corporation but is not required to be actively employed by a school corporation or to hold an Indiana teacher's license.

(5) Three (3) members must meet the following conditions:

- (A) Represent Indiana teacher education units within Indiana public and private institutions of higher education.
- (B) Hold a teacher's license but not necessarily an Indiana teacher's license.
- (C) Be actively employed by the respective teacher education units.

The members described in this subdivision are not required to be employed by a school corporation.

(6) Nine (9) members must be licensed and actively employed as Indiana public school teachers in the following categories:

- (A) At least one (1) member must hold an Indiana standard early childhood education license.
- (B) At least one (1) member must hold an Indiana teacher's license in elementary education.
- (C) At least one (1) member must hold an Indiana teacher's license for middle/junior high school education.
- (D) At least one (1) member must hold an Indiana teacher's license in high school education.

(7) One (1) member must be a member of the business community in Indiana but is not required to be actively employed by a school corporation or to hold an Indiana teacher's license.

(c) Each member described in subsection (b)(6) must be licensed and actively employed as a practicing teacher in at least one (1) of the following areas to be appointed:

- (1) At least one (1) member must be licensed in special education.
- (2) At least one (1) member must be licensed in ~~vocational~~ **career and technical** education.
- (3) At least one (1) member must be employed and licensed in student services, which may include school librarians or psychometric evaluators.
- (4) At least one (1) member must be licensed in social science education.
- (5) At least one (1) member must be licensed in fine arts education.
- (6) At least one (1) member must be licensed in English or language arts education.
- (7) At least one (1) member must be licensed in mathematics education.
- (8) At least one (1) member must be licensed in science education.

(d) At least one (1) member described in subsection (b) must be a parent of a student enrolled in a public preschool or public school within a school corporation in either kindergarten or any of grades 1 through 12.

(e) The state superintendent shall serve as an ex officio voting member of the advisory board. The state superintendent may make recommendations to the governor as to the appointment of members on the advisory board.

SECTION 108. IC 20-28-11-2, AS ADDED BY P.L.1-2005, SECTION 12, IS AMENDED TO READ AS FOLLOWS

[EFFECTIVE JULY 1, 2007]: Sec. 2. Each:

- (1) school corporation;
- (2) school created by an interlocal agreement under IC 36-1-7;
- (3) special education cooperative under IC 20-35-5; and
- (4) cooperating school corporation for ~~vocational~~ **career and technical** education under IC 20-37-1;

shall develop and implement a plan to evaluate the performance of each certificated employee (as defined in IC 20-29-2-4).

SECTION 109. IC 20-29-2-12, AS ADDED BY P.L.1-2005, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. "School corporation" means a local public school corporation established under Indiana law. The term includes any:

- (1) school city;
- (2) school town;
- (3) school township;
- (4) consolidated school corporation;
- (5) metropolitan school district;
- (6) township school corporation;
- (7) county school corporation;
- (8) united school corporation;
- (9) community school corporation; and
- (10) public ~~vocational~~ **career and technical education center or** school or school for children with disabilities established or maintained by two (2) or more school corporations.

SECTION 110. IC 20-30-9-7, AS ADDED BY P.L.1-2005, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. The state superintendent may assist and stimulate school corporations in developing and establishing bilingual-bicultural educational services and programs specifically designed to improve educational opportunities for non-English dominant students. Funds may be used for the following:

- (1) To provide educational services not available to the non-English dominant students in sufficient quantity or quality, including:
 - (A) remedial and compensatory instruction, psychological, and other services designed to assist and encourage non-English dominant students to enter, remain in, or reenter elementary or secondary school;
 - (B) comprehensive academic **instruction** and ~~vocational~~ **career and technical** instruction;
 - (C) instructional materials (such as library books, textbooks, and other printed or published or audiovisual materials) and equipment;
 - (D) comprehensive guidance, counseling, and testing services;
 - (E) special education programs for persons with disabilities;
 - (F) preschool programs; and
 - (G) other services that meet the purposes of this subdivision.

(2) ~~For the establishment and operation of~~ **To establish and operate** exemplary and innovative educational programs and resource centers that involve new educational approaches, methods, and techniques designed to enrich programs of elementary and secondary education for non-English dominant students.

SECTION 111. IC 21-43-1-5, AS ADDED BY SEA 526-2007, SECTION 253, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. "Postsecondary credit":

- (1) for purposes of IC 21-43-2, means credit toward:
 - (A) an associate degree;
 - (B) a baccalaureate degree; or
 - (C) a ~~vocational~~ **career and technical education** certification;

granted by a state educational institution upon the successful completion of a course taken under a program established under IC 21-43-2; and
- (2) for purposes of IC 21-43-5, means credit toward:
 - (A) an associate degree;
 - (B) a baccalaureate degree; or
 - (C) a ~~vocational~~ **career and technical education** certification;

granted by a state educational institution upon the successful completion of a course taken under a program established under IC 21-43-5.

SECTION 112. IC 20-30-15-1, AS ADDED BY P.L.1-2005, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. As used in this chapter, "agricultural education" means the form of ~~vocational~~ **career and technical** education that prepares an individual for the occupations connected with:

- (1) the tillage of soil;
- (2) the care of domestic animals;
- (3) forestry; and
- (4) other wage earning or productive work on the farm.

SECTION 113. IC 20-30-15-3, AS ADDED BY P.L.1-2005, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. As used in this chapter, "home economics education" means the form of ~~vocational~~ **career and technical** education that prepares an individual for occupations connected with the household.

SECTION 114. IC 20-30-15-4, AS ADDED BY P.L.1-2005, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. As used in this chapter, "industrial education" means the form of ~~vocational~~ **career and technical** education that prepares an individual for the trades, crafts, and wage earning pursuits. The term includes the occupations performed in stores, workshops, and other establishments.

SECTION 115. IC 20-30-15-5, AS ADDED BY P.L.1-2005, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. As used in this chapter, "~~vocational~~ **career and technical** education" means any education that has the major purpose of preparing an individual for profitable

employment.

SECTION 116. IC 20-32-3-13, AS ADDED BY P.L.1-2005, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13. The state board shall, in cooperation with the Indiana commission ~~on vocational~~ **for career** and technical education within the department of workforce development, adopt rules under IC 4-22-2 to implement this chapter, including rules concerning the administration of the secondary level certificates of achievement by the department of workforce development.

SECTION 117. IC 20-33-1-1, AS ADDED BY P.L.1-2005, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. The following is the public policy of the state:

- (1) To provide equal, nonsegregated, nondiscriminatory educational opportunities and facilities for all, regardless of race, creed, national origin, color, or sex.
- (2) To provide and furnish public schools and common schools equally open to all and prohibited and denied to none because of race, creed, color, or national origin.
- (3) To reaffirm the principles of the Bill of Rights, civil rights, and the Constitution of the State of Indiana.
- (4) To provide for the state and the citizens of Indiana a uniform democratic system of public and common school education.
- (5) To abolish, eliminate, and prohibit segregated and separate schools or school districts on the basis of race, creed, or color.
- (6) To eliminate and prohibit segregation, separation, and discrimination on the basis of race, color, or creed in the public kindergartens, common schools, public schools, ~~vocational career and technical education centers~~ or schools, colleges, and universities of Indiana.

SECTION 118. IC 20-33-3-29, AS ADDED BY P.L.1-2005, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 29. A child who is at least sixteen (16) years of age and less than eighteen (18) years of age may be employed the same daily and weekly hours and at the same times of day as adults if the child is a member of any of the following categories:

- (1) The child is a high school graduate.
- (2) The child has completed an approved ~~vocational career and technical education program~~ or special education program.
- (3) The child is not enrolled in a regular school term.

SECTION 119. IC 20-33-8-29, AS ADDED BY P.L.1-2005, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 29. (a) As used in this section, "special school" includes the following:

- (1) A ~~vocational career and technical education~~ school.
- (2) A special education school or program.
- (3) An alternative school or program.

(b) To the extent possible, this chapter applies to a special school.

(c) The governing body of a special school may make necessary modifications to the responsibilities of school personnel under this chapter to accommodate the administrative structure of a special school.

(d) In addition to a disciplinary action imposed by a special school, the principal of the school where a student is enrolled may without additional procedures adopt a disciplinary action or decision of a special school as a disciplinary action of the school corporation.

SECTION 120. IC 20-34-3-19, AS ADDED BY P.L.1-2005, SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 19. (a) Each public school student and teacher shall wear industrial quality eye protective devices at all times while participating in any of the following courses:

(1) ~~Vocational or industrial arts shops or laboratories~~ **Career and technical education** involving experience with:

- (A) hot molten metals;
- (B) milling, sawing, turning, shaping, cutting, or stamping of any solid material;
- (C) heat treatment, tempering, or kiln firing of any metal or material;
- (D) gas or electric arc welding;
- (E) repair or servicing of any vehicle; or
- (F) caustic or explosive materials.

(2) Chemical or combined chemical-physical laboratories involving caustic or explosive chemicals or hot liquids or solids.

(b) Eye protective devices are of industrial quality if the devices meet the standards of the American standard safety code for head, eye, and respiratory protection, Z2.1-1959, promulgated by the American Standards Association, Inc.

SECTION 121. IC 20-35-2-1, AS AMENDED BY P.L.93-2006, SECTION 16, AND AS AMENDED BY P.L.141-2006, SECTION 96, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) There is established under the state board a division of special education. The division shall exercise all the power and duties set out in this chapter, IC 20-35-3 through IC 20-35-6, and IC 20-35-8.

(b) The governor shall appoint, upon the recommendation of the state superintendent, a director of special education who serves at the pleasure of the governor. The amount of compensation of the director shall be determined by the budget agency with the approval of the governor. The director has the following duties:

(1) To do the following:

- (A) Have general supervision of all programs, classes, and schools for children with disabilities, including those conducted by public schools, the Indiana School for the Blind and Visually Impaired, the Indiana School for the Deaf, the department of correction, the state department of health, the division of disability ~~aging~~, and rehabilitative services, and the division of mental health and addiction.
- (B) Coordinate the work of schools described in clause

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For programs for preschool children with disabilities as required under IC 20-35-4-9, have general supervision over programs, classes, and schools, including those conducted by the schools or other state or local service providers as contracted for under IC 20-35-4-9. However, general supervision does not include the determination of admission standards for the state departments, boards, or agencies authorized to provide programs or classes under this chapter.

(2) To adopt, with the approval of the state board, rules governing the curriculum and instruction, including licensing of personnel in the field of education, as provided by law.

(3) To inspect and rate all schools, programs, or classes for children with disabilities to maintain proper standards of personnel, equipment, and supplies.

(4) With the consent of the state superintendent and the budget agency, to appoint and determine salaries for any assistants and other personnel needed to enable the director to accomplish the duties of the director's office.

(5) To adopt, with the approval of the state board, the following:

(A) Rules governing the identification and evaluation of children with disabilities and their placement under an individualized education program in a special education program.

(B) Rules protecting the rights of a child with a disability and the parents of the child with a disability in the identification, evaluation, and placement process.

(6) To make recommendations to the state board concerning standards and case load ranges for related services to assist each teacher in meeting the individual needs of each child according to that child's individualized education program. The recommendations may include the following:

(A) The number of teacher aides recommended for each exceptionality included within the class size ranges.

(B) The role of the teacher aide.

(C) Minimum training recommendations for teacher aides and recommended procedures for the supervision of teacher aides.

(7) To cooperate with the interagency coordinating council established by ~~IC 12-17-15-7~~ IC 12-12.7-2-7 to ensure that the preschool special education programs required by IC 20-35-4-9 are consistent with the early intervention services program described in ~~IC 12-17-15~~ IC 12-12.7-2.

(c) The director or the state board may exercise authority over ~~vocational career and technical education~~ programs for children with disabilities through a letter of agreement with the department of workforce development.

SECTION 122. IC 20-35-7-3, AS ADDED BY P.L.1-2005, SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) As used in this chapter, "transition services" means a coordinated set of activities for a student with a disability that:

(1) is designed within an outcome oriented process; and
 (2) promotes movement from the public agency to postsecondary school activities, including the following:

(A) Postsecondary education.

(B) ~~Vocational training.~~ **Career and technical education.**

(C) Integrated employment (including supported employment).

(D) Continuing and adult education.

(E) Adult services.

(F) Independent living.

(G) Community participation.

(b) The coordinated set of activities described in subsection (a) must:

(1) be based on the individual student's needs, taking into account the student's preferences and interests; and

(2) include the following:

(A) Instruction.

(B) Related services.

(C) Community experiences.

(D) The development of employment and other postsecondary school adult living objectives.

(E) Where appropriate, acquisition of daily living skills and a functional vocational evaluation.

SECTION 123. IC 20-37-1-1, AS AMENDED BY P.L.2-2006, SECTION 160, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) Two (2) or more school corporations may cooperate to:

(1) establish; and

(2) maintain or supervise;

schools or departments for ~~vocational career and technical~~ education if the governing bodies of the school corporations agree to cooperate and apportion the cost of the schools or departments among the school corporations.

(b) If the cooperating school corporations agree to:

(1) establish; and

(2) maintain or supervise;

the schools or departments under subsection (a), the designated representatives of the school corporations constitute a board for the management of the schools or departments. The board may adopt a plan of organization, administration, and support for the schools or departments. The plan, if approved by the state board, is a binding contract between the cooperating school corporations.

(c) The governing bodies of the cooperating school corporations may cancel or annul the plan described in subsection (b) by the vote of a majority of the governing bodies and upon the approval of the state board. However, if a school corporation desires to withdraw a course offering from the cooperative agreement after:

(1) attempting to withdraw the course offering under a withdrawal procedure authorized by the school corporation's cooperative agreement or bylaw; and

(2) being denied the authority to withdraw the course offering; the school corporation may appeal the denial to the state board. In the appeal, a school corporation must submit a proposal requesting

the withdrawal to the state board for approval.

(d) The proposal under subsection (c) must do the following:

- (1) Describe how the school corporation intends to implement the particular ~~vocational~~ **career and technical** education course.
- (2) Include a provision that provides for at least a two (2) year phaseout of the educational program or course offering from the cooperative agreement.

Upon approval of the proposal by the state board, the school corporation may proceed with the school corporation's withdrawal of the course offering from the cooperative agreement and shall proceed under the proposal.

(e) The withdrawal procedure under subsections (c) and (d) may not be construed to permit a school corporation to change any other terms of the plan described in subsection (b) except those terms that require the school corporation to provide the particular course offering sought to be withdrawn.

(f) The board described in subsection (b) may do the following:

- (1) Enter into an agreement to acquire by lease or purchase:
 - (A) sites;
 - (B) buildings; or
 - (C) equipment;

that is suitable for these schools or departments. This authority extends to the acquisition of facilities available under IC 20-47-2.

- (2) By resolution adopted by a majority of the board, designate three (3) or more individuals from the board's membership to constitute an executive committee.

(g) To the extent provided in a resolution adopted under subsection (f)(2), an executive committee shall do the following:

- (1) Exercise the authority of the full board in the management of the schools or departments.
- (2) Submit a written summary of its actions to the full board at least semiannually.

SECTION 124. IC 20-37-2-2, AS ADDED BY P.L.1-2005, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) A governing body may:

- (1) establish ~~vocational~~ **career and technical education centers**, schools, or departments in the manner approved by the state board; and
- (2) maintain these schools or departments from the general fund.

(b) The governing body may include in the high school curriculum without additional state board approval any secondary level ~~vocational~~ **career and technical** education course that is:

- (1) included on the list of approved courses that the state board establishes under IC 20-20-20-3; and
- (2) approved under section 11 of this chapter, if applicable.

(c) The governing body shall notify the department and the department of workforce development whenever the governing body:

- (1) includes an approved course for; or
- (2) removes an approved course from;

the high school curriculum.

SECTION 125. IC 20-37-2-3, AS ADDED BY P.L.1-2005, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) The governing body of a school corporation may contract with a nonprofit corporation to establish and maintain a ~~vocational~~ **career and technical education** program in the building trades solely to teach the principles of building construction to students enrolled in grades 9 through 12.

(b) A ~~vocational~~ **career and technical education** program established under this section is limited to the construction of buildings upon real property owned by the nonprofit corporation.

SECTION 126. IC 20-37-2-4, AS ADDED BY P.L.1-2005, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) ~~Vocational Career and technical education centers~~, schools, or departments for industrial, agricultural, or home economics education may offer instruction in:

- (1) day;
- (2) part-time; and
- (3) evening;

classes so that instruction in the principles and practice of the arts can occur together. The instruction must be less than college grade, and the instruction must be designed to meet the vocational needs of a person who can profit by the instruction.

(b) Evening classes in:

- (1) an industrial;
- (2) an agricultural; or
- (3) a home economics;

school or department must offer training for a person employed during the working day. This training, in order to be considered ~~vocational~~, **career and technical training**, must deal with and relate to the subject matter of the day employment. However, evening classes in home economics must be open to all individuals.

(c) Part-time classes in an industrial, agricultural, or home economics school or department are for persons giving a part of each working day, week, or longer period to a part-time class when it is in session. This part-time instruction must be:

- (1) complementary to the particular work conducted in the employment;
- (2) in subjects offered to enlarge civic or vocational intelligence; or
- (3) in trade preparation subjects.

SECTION 127. IC 20-37-2-6, AS ADDED BY P.L.1-2005, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. If a governing body has established an approved ~~vocational~~ **career and technical education center**, school, or department for instruction in part-time classes for regularly employed persons who are at least fourteen (14) years of age, the governing body may formally choose to require regularly employed persons who are less than nineteen (19) years of age to attend part-time classes:

- (1) between the hours of 8 a.m. and 5 p.m. during the school term; and

(2) for not less than four (4) hours and not more than eight (8) hours per week.

SECTION 128. IC 20-37-2-7, AS ADDED BY P.L.1-2005, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) A school corporation, through the school corporation's appropriate officials, may enter into cooperative programs with employers. These programs must include an agreement by the employer to provide employment for students enrolled in school directed **vocational career and technical** education to learn the manipulative skills or manual processes of an occupation.

(b) The employer may employ the students in otherwise restricted occupations for the purpose of **vocational career and technical** education **training** under the following conditions:

- (1) That training in the occupation is approved by a proper school authority and is school supervised.
- (2) That safety instructions are given by the school and integrated with on-the-job training by the employer.
- (3) That the student is assigned to competent adults designated by the employer for instruction and supervision in the manipulative skills or manual processes of the occupation according to a written training schedule developed by the employer and a representative of the school.

SECTION 129. IC 20-37-2-8, AS ADDED BY P.L.1-2005, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) A student in **vocational career and technical** education and employed under section 7 of this chapter:

- (1) is entitled to the rights of recovery of a worker of at least seventeen (17) years of age under the worker's compensation and occupational diseases laws (IC 22-3-2 through IC 22-3-7); and
- (2) may not recover any additional benefit otherwise payable as a result of being less than seventeen (17) years of age under the definition of a minor in IC 22-3-6-1.

The student is considered the employee of the employer while performing services for the employer under section 7 of this chapter.

(b) A student performing services for an employer under section 7 of this chapter is considered a full-time employee in computing compensation for permanent impairment under the worker's compensation law (IC 22-3-2 through IC 22-3-6).

(c) Employers and students under section 7 of this chapter are exempt from IC 20-33-3-35.

SECTION 130. IC 20-37-2-9, AS ADDED BY P.L.1-2005, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) A **vocational career and technical education** youth organization fund is established to assist in carrying out the purposes of this chapter. The fund shall be administered by the state superintendent.

(b) The state superintendent may award grants from the **vocational career and technical education** youth organization fund for combined **vocational career and technical** activities of the

organizations that are an integral part of the instructional program in **vocational career and technical** education. Areas of **vocational career and technical** instruction for which grants may be awarded include:

- (1) agriculture;
- (2) business and office occupations;
- (3) health occupations;
- (4) distributive education;
- (5) home economics; and
- (6) trade industrial education.

(c) There is appropriated from the state general fund to the state superintendent a sum to be determined annually by the general assembly to implement this section.

SECTION 131. IC 20-37-2-11, AS ADDED BY P.L.1-2005, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 11. (a) As used in this section, "**vocational career and technical** education course" means a **vocational career and technical** education course that is:

- (1) an approved high school course under the rules of the state board; and
- (2) included on the list of approved courses that the state board develops and approves under IC 20-20-20-3.

(b) A school corporation that has entered into an agreement for a joint program of **vocational career and technical** education with one (1) or more other school corporations may not add a new **vocational career and technical** education course to its curriculum unless the course has been approved in the following manner:

- (1) In the case of an agreement under IC 20-37-1, the course must be approved by the management board for the joint program.
- (2) In the case of an agreement under IC 20-26-10, the course must be approved by the governing body of the school corporation that is designated to administer the joint program under IC 20-26-10-3. However, if that governing body refuses to approve the course, the course may be approved by a majority of the governing bodies of the school corporations that are parties to the agreement.

SECTION 132. IC 20-42-3-10, AS ADDED BY P.L.2-2006, SECTION 165, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. The trustee, with the advice and consent of the township board, shall use the account for the following educational purposes:

- (1) Each year the trustee shall pay to the parent or legal guardian of any child whose residence is within the township, the initial cost for the rental of textbooks used in any elementary or secondary school that has been accredited by the state. The reimbursement for the rental of textbooks shall be for the initial yearly rental charge only. Textbooks subsequently lost or destroyed may not be paid for from this account.
- (2) Students who are residents of the township for the last two (2) years of their secondary education and who still reside within the township are entitled to receive financial assistance

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in an amount not to exceed an amount determined by the trustee and the township board during an annual review of higher education fees and tuition costs of post-high school education at any accredited college, university, junior college, or ~~vocational~~ **career and technical education center or school** or trade school. Amounts to be paid to each eligible student shall be set annually after this review. The amount paid each year must be:

- (A) equitable for every eligible student without regard to race, religion, creed, sex, disability, or national origin; and
- (B) based on the number of students and the amount of funds available each year.

(3) A person who has been a permanent resident of the township continuously for at least two (2) years and who needs educational assistance for job training or retraining may apply to the trustee of the township for financial assistance. The trustee and the township board shall review each application and make assistance available according to the need of each applicant and the availability of funds.

(4) If all the available funds are not used in any one (1) year, the unused funds shall be retained in the account by the trustee for use in succeeding years.

SECTION 133. IC 20-43-1-30, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 30. "~~Vocational~~ **Career and technical** education grant" refers to the amount determined under IC 20-43-8-9 as adjusted under IC 20-43-8-10.

SECTION 134. IC 20-43-2-3, AS AMENDED BY P.L.162-2006, SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) Except as provided in subsection (b), if the total amount to be distributed:

- (1) as basic tuition support;
- (2) for academic honors diploma awards;
- (3) for primetime distributions;
- (4) for special education grants; and
- (5) for ~~vocational~~ **career and technical** education grants;

for a particular year exceeds the maximum state distribution for a calendar year, the amount to be distributed for state tuition support under this article to each school corporation during each of the last six (6) months of the year shall be proportionately reduced so that the total reductions equal the amount of the excess.

(b) The department of education shall distribute the full amount of tuition support to school corporations in the second six (6) months of 2006 in accordance with this article without a reduction under this section.

SECTION 135. IC 20-43-3-4, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) A school corporation's previous year revenue equals the amount determined under STEP TWO of the following formula:

STEP ONE: Determine the sum of the following:

- (A) The school corporation's basic tuition support for the year that precedes the current year.

(B) The school corporation's maximum permissible tuition support levy for the calendar year that precedes the current year, made in determining the school corporation's adjusted tuition support levy for the calendar year.

(C) The school corporation's excise tax revenue for the year that precedes the current year by two (2) years.

STEP TWO: Subtract from the STEP ONE result an amount equal to the sum of the following:

(A) The reduction in the school corporation's state tuition support under any combination of subsection (b), subsection (c), IC 20-10.1-2-1 (before its repeal), or IC 20-30-2-4.

(B) In 2006, the amount of the school corporation's maximum permissible tuition support levy attributable to the levy transferred from the school corporation's general fund to the school corporation's referendum tax levy fund under IC 20-46-1-6.

(b) A school corporation's previous year revenue must be reduced if:

(1) the school corporation's state tuition support for special **education** or ~~vocational~~ **career and technical** education is reduced as a result of a complaint being filed with the department after December 31, 1988, because the school program overstated the number of children enrolled in special **education programs** or ~~vocational~~ **career and technical** education programs; and

(2) the school corporation's previous year revenue has not been reduced under this subsection more than one (1) time because of a given overstatement.

The amount of the reduction equals the amount the school corporation would have received in state tuition support for special **education** and ~~vocational~~ **career and technical** education because of the overstatement.

(c) A school corporation's previous year revenue must be reduced if an existing elementary or secondary school located in the school corporation converts to a charter school under IC 20-5.5-11 before July 1, 2005, or IC 20-24-11 after June 30, 2005. The amount of the reduction equals the product of:

(1) the sum of the amounts distributed to the conversion charter school under IC 20-5.5-7-3.5(c) and IC 20-5.5-7-3.5(d) before July 1, 2005, and IC 20-24-7-3(c) and IC 20-24-7-3(d) after June 30, 2005; multiplied by

(2) two (2).

SECTION 136. IC 20-43-4-1, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) An individual is an eligible pupil if the individual is a pupil enrolled in a school corporation and:

(1) the school corporation has the responsibility to educate the pupil in its public schools without the payment of tuition;

(2) subject to subdivision (5), the school corporation has the responsibility to pay transfer tuition under IC 20-26-11, because the pupil is transferred for education to another

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school corporation;

(3) the pupil is enrolled in a school corporation as a transfer student under IC 20-26-11-6 or entitled to be counted for ADM purposes as a resident of the school corporation when attending its schools under any other applicable law or regulation;

(4) the state is responsible for the payment of transfer tuition to the school corporation for the pupil under IC 20-26-11; or

(5) all of the following apply:

(A) The school corporation is a transferee corporation.

(B) The pupil does not qualify as a qualified pupil in the transferee corporation under subdivision (3) or (4).

(C) The transferee corporation's attendance area includes a state licensed private or public health care facility, child care facility, or foster family home where the pupil was placed:

(i) by or with the consent of the department of child services;

(ii) by a court order;

(iii) by a child placing agency licensed by the division of family resources; or

(iv) by a parent or guardian under IC 20-26-11-8.

(b) For purposes of a **vocational career and technical** education grant, an eligible pupil includes a student enrolled in a charter school.

SECTION 137. IC 20-43-8-2, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) Before December 1 of each year, the department of workforce development shall provide the department with a report, to be used to determine **vocational career and technical** education grant amounts in the second calendar year after the year in which the report is provided, listing whether the labor market demand for each generally recognized labor category is more than moderate, moderate, or less than moderate. In the report, the department of workforce development shall categorize each of the **vocational career and technical** education programs using the following four (4) categories:

(1) Programs that address employment demand for individuals in labor market categories that are projected to need more than a moderate number of individuals.

(2) Programs that address employment demand for individuals in labor market categories that are projected to need a moderate number of individuals.

(3) Programs that address employment demand for individuals in labor market categories that are projected to need less than a moderate number of individuals.

(4) All programs not covered by the employment demand categories of subdivisions (1) through (3).

(b) Before December 1 of each year, the department of workforce development shall provide the department with a report, to be used to determine grant amounts that will be distributed under this chapter in the second calendar year after the year in which the report is provided, listing whether the average wage level for each

generally recognized labor category for which **vocational career and technical** education programs are offered is a high wage, a moderate wage, or a less than moderate wage.

(c) In preparing the labor market demand report under subsection (a) and the average wage level report under subsection (b), the department of workforce development shall, if possible, list the labor market demand and the average wage level for specific regions, counties, and municipalities.

(d) If a new **vocational career and technical** education program is created by rule of the state board, the department of workforce development shall determine the category in which the program should be included.

SECTION 138. IC 20-43-8-4, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. In addition to the amount a school corporation is entitled to receive in basic tuition support, each school corporation is entitled to receive a grant for **vocational career and technical** education programs.

SECTION 139. IC 20-43-8-9, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. A school corporation's **vocational career and technical** education grant for a calendar year is the sum of the following amounts:

STEP ONE: For each **vocational career and technical** education program provided by the school corporation:

(A) the number of credit hours of the program (either one (1) credit, two (2) credits, or three (3) credits); multiplied by

(B) the number of students enrolled in the program; multiplied by

(C) the following applicable amount:

(i) Four hundred fifty dollars (\$450), in the case of a program described in section 5 of this chapter (more than a moderate labor market need) for which the average wage level determined under section 2(b) of this chapter is a high wage.

(ii) Three hundred seventy-five dollars (\$375), in the case of a program described in section 5 of this chapter (more than a moderate labor market need) for which the average wage level determined under section 2(b) of this chapter is a moderate wage.

(iii) Three hundred dollars (\$300), in the case of a program described in section 5 of this chapter (more than a moderate labor market need) for which the average wage level determined under section 2(b) of this chapter is a less than moderate wage.

(iv) Three hundred seventy-five dollars (\$375), in the case of a program described in section 6 of this chapter (moderate labor market need) for which the average wage level determined under section 2(b) of this chapter is a high wage.

(v) Three hundred dollars (\$300), in the case of a program described in section 6 of this chapter (moderate

labor market need) for which the average wage level determined under section 2(b) of this chapter is a moderate wage.

(vi) Two hundred twenty-five dollars (\$225), in the case of a program described in section 6 of this chapter (moderate labor market need) for which the average wage level determined under section 2(b) of this chapter is a less than moderate wage.

(vii) Three hundred dollars (\$300), in the case of a program described in section 7 of this chapter (less than a moderate labor market need) for which the average wage level determined under section 2(b) of this chapter is a high wage.

(viii) Two hundred twenty-five dollars (\$225), in the case of a program described in section 7 of this chapter (less than a moderate labor market need) for which the average wage level determined under section 2(b) of this chapter is a moderate wage.

(ix) One hundred fifty dollars (\$150), in the case of a program described in section 7 of this chapter (less than a moderate labor market need) for which the average wage level determined under section 2(b) of this chapter is a less than moderate wage.

STEP TWO: The number of pupils described in section 8 of this chapter (all other programs) multiplied by two hundred fifty dollars (\$250).

STEP THREE: The number of pupils participating in a ~~vocational~~ **career and technical** education program in which pupils from multiple schools are served at a common location multiplied by one hundred fifty dollars (\$150).

SECTION 140. IC 20-43-8-10, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. If a school corporation determines that the categories of ~~vocational~~ **career and technical** education programs issued by the department of workforce development under section 2 of this chapter are not representative of the employment demand in the region surrounding the school corporation, the school corporation may petition the department of workforce development to recategorize for the school corporation the ~~vocational~~ **career and technical** education programs offered by the school corporation according to the employment demand in the region surrounding the school corporation. The petition must include information supporting the school corporation's determination that the categories of ~~vocational~~ **career and technical** education programs by the department of workforce development under section 2 of this chapter are not representative of the employment demand in the region surrounding the school corporation.

SECTION 141. IC 22-4-18-1, AS AMENDED BY P.L.161-2006, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) There is created a department under IC 22-4-1-2-1 which shall be known as the department of workforce development.

(b) The department of workforce development may:

(1) Administer the unemployment insurance program, the Wagner-Peyser program, the Workforce Investment Act, a free public labor exchange, and related federal and state employment and training programs as directed by the governor.

(2) Formulate and implement an employment and training plan as required by the Workforce Investment Act (29 U.S.C. 2801 et seq.), including reauthorizations of the Act, and the Wagner-Peyser Act (29 U.S.C. 49 et seq.).

(3) Coordinate activities with all state agencies and departments that either provide employment and training related services or operate appropriate resources or facilities, to maximize Indiana's efforts to provide employment opportunities for economically disadvantaged individuals, dislocated workers, and others with substantial barriers to employment.

(4) Apply for, receive, disburse, allocate, and account for all funds, grants, gifts, and contributions of money, property, labor, and other things of value from public and private sources, including grants from agencies and instrumentalities of the state and the federal government.

(5) Enter into agreements with the United States government that may be required as a condition of obtaining federal funds related to activities of the department.

(6) Enter into contracts or agreements and cooperate with local governmental units or corporations, including profit or nonprofit corporations, or combinations of units and corporations to carry out the duties of the department imposed by this chapter, including contracts for the establishment and administration of employment and training offices and the delegation of the department's administrative, monitoring, and program responsibilities and duties set forth in this article.

(7) Perform other services and activities that are specified in contracts for payments or reimbursement of the costs made with the Secretary of Labor, any federal, state, or local public agency or administrative entity, or a private for-profit or nonprofit organization under the Workforce Investment Act (29 U.S.C. 2801 et seq.), including reauthorizations of the Act.

(8) Enter into contracts or agreements and cooperate with entities that provide ~~vocational~~ **career and technical** education to carry out the duties imposed by this chapter.

(c) The payment of unemployment insurance benefits must be made in accordance with 26 U.S.C. 3304.

(d) The department of workforce development may do all acts and things necessary or proper to carry out the powers expressly granted under this article, including the adoption of rules under IC 4-22-2.

(e) The department of workforce development may not charge any claimant for benefits for providing services under this article, except as provided in IC 22-4-17-12.

(f) The department of workforce development shall distribute

federal funds made available for employment training in accordance with:

- (1) 29 U.S.C. 2801 et seq., including reauthorizations of the Act, and other applicable federal laws; and
- (2) the plan prepared by the department under subsection (g)(1).

(g) In addition to the duties prescribed in subsections (a) through (f), the department of workforce development shall do the following:

- (1) Implement to the best of its ability its employment training programs and the comprehensive **vocational career and technical** education program in Indiana developed under the long range plan under IC 22-4.1-13.
- (2) Upon request of the budget director, prepare a legislative budget request for state and federal funds for employment training. The budget director shall determine the period to be covered by the budget request.
- (3) Evaluate its programs according to criteria established by the Indiana commission ~~on vocational for career~~ and technical education within the department of workforce development under IC 22-4.1-13.
- (4) Make or cause to be made studies of the needs for various types of programs that are related to employment training and authorized under the Workforce Investment Act, including reauthorizations of the Act.
- (5) Distribute state funds made available for employment training that have been appropriated by the general assembly in accordance with:
 - (A) the general assembly appropriation; and
 - (B) the plan prepared by the department under subdivision (1).

(6) Establish, implement, and maintain a training program in the nature and dynamics of domestic and family violence for training of all employees of the department who interact with a claimant for benefits to determine whether the claim of the individual for unemployment benefits is valid and to determine that employment separations stemming from domestic or family violence are reliably screened, identified, and adjudicated and that victims of domestic or family violence are able to take advantage of the full range of job services provided by the department. The training presenters shall include domestic violence experts with expertise in the delivery of direct services to victims of domestic violence, including using the staff of shelters for battered women in the presentation of the training. The initial training shall consist of instruction of not less than six (6) hours. Refresher training shall be required annually and shall consist of instruction of not less than three (3) hours.

SECTION 142. IC 22-4-18-6, AS AMENDED BY P.L.161-2006, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) The department shall develop a uniform system for assessing workforce skills, strengths, and weaknesses in individuals.

(b) The uniform assessment system shall be used at the following:

- (1) One stop centers under IC 22-4-42, if established.
- (2) ~~Vocational Career and technical~~ education (as defined in IC 22-4.1-13-5) programs at the secondary level.

SECTION 143. IC 22-4-19-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. The board, through its appropriate activities, shall take all appropriate steps to reduce and prevent unemployment; to encourage and assist in the adoption of practical methods of **vocational career and technical** training, retraining, and vocational guidance; to investigate, recommend, advise, and assist in the establishment and operation, by municipal corporations, counties, school districts, and the state, of reserves for public works to be used in times of business depression and unemployment; to promote the re-employment of unemployed workers throughout the state in every way that may be feasible; and to these ends to carry on and publish the results of investigations and research studies.

SECTION 144. IC 22-4.1-2-2, AS AMENDED BY P.L.1-2005, SECTION 186, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. The department is comprised of the following entities reorganized within the department:

- (1) The department of employment and training services, including the following:
 - (A) The unemployment insurance board.
 - (B) The unemployment insurance review board.
- (2) The office of workforce literacy established by IC 22-4.1-10-1.
- (3) The Indiana commission ~~on vocational for career~~ and technical education established by IC 22-4.1-13-6.
- (4) The workforce proficiency panel established by IC 22-4.1-16-2.

SECTION 145. IC 22-4.1-3-4, AS AMENDED BY P.L.161-2006, SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. Funds necessary to support the operating costs of the department of workforce development beyond those approved and appropriated by the United States Congress or approved by federal agencies for the operation of the department and specifically authorized by other provisions of IC 22-4:

- (1) must be specifically appropriated from the state general fund for this purpose; and
- (2) may not be derived from other state or federal funds directed for unemployment insurance programs under IC 22-4, including funds under the Wagner-Peyser Act (29 U.S.C. 49 et seq.), any other grants or funds that are passed through for job training programs, the Carl D. Perkins Vocational and Applied Technology Act (20 U.S.C. 2301 et seq.), and any other grant or funds for **vocational career** and technical education.

SECTION 146. IC 22-4.1-4-1, AS AMENDED BY P.L.1-2005, SECTION 187, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. The department may

undertake duties identified by the commissioner as related to workforce development initiatives that were required of or authorized to be undertaken before July 1, 1994, by:

- (1) the department of employment and training services;
- (2) the office of workforce literacy established by IC 22-4.1-10-1;
- (3) the Indiana commission ~~on vocational~~ **for career** and technical education established by IC 22-4.1-13-6; or
- (4) the workforce proficiency panel established by IC 22-4.1-16-2.

SECTION 147. IC 22-4.1-6-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. Money in the fund may be used for the following purposes at the discretion of the department, based upon the priorities necessary to achieve the department's goals:

- (1) To build the capacity and strengthen the quality of services of programs offering basic skills services and having a substantial volunteer component, including staff and volunteer development, outreach, equipment, software, training materials, and community linkages.
- (2) For workforce literacy programs providing essential and basic education skills training to raise skills and productivity in the workplace.
- (3) For technical assistance to providers of workplace literacy and basic education to enhance the providers' capacity to link with employers and document productivity gains resulting from training.
- (4) To establish a common data base, reporting system, and evaluation system related to workforce literacy and other incumbent worker programs, and to develop performance standards.
- (5) To provide training for dislocated workers under IC 22-4-41.
- (6) To provide training for workers who are at risk of becoming dislocated workers because of a lack of skills.
- (7) To provide comprehensive job training and related services for economically disadvantaged, unemployed, and underemployed individuals, including recruitment, counseling, remedial education, ~~vocational career and technical~~ training, job development, job placement, and other appropriate services to enable each individual to secure and retain employment at the individual's maximum capacity.
- (8) To attract federal funds in order to increase the resources available to carry out the purposes of this section.

SECTION 148. IC 22-4.1-13-1, AS ADDED BY P.L.1-2005, SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. As used in this chapter, "commission" refers to the Indiana commission ~~on vocational~~ **for career** and technical education of the department established by section 6 of this chapter.

SECTION 149. IC 22-4.1-13-5, AS ADDED BY P.L.1-2005, SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. As used in this chapter,

~~"vocational~~ **"career and technical** education" means any vocational, agricultural, occupational, manpower, employment, or technical training or retraining that:

- (1) enhances an individual's career potential and further education; and
- (2) is accessible to individuals who desire to explore and learn for economic and personal growth leading to employment opportunities.

SECTION 150. IC 22-4.1-13-6, AS ADDED BY P.L.1-2005, SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) The Indiana commission ~~on vocational~~ **for career** and technical education is established within the department.

(b) The commission consists of eleven (11) citizens of Indiana who are appointed by the governor. Except as provided in subsection (c), a member:

- (1) may not be an officer or employee of a state educational institution or a school corporation;
- (2) may not be a state employee;
- (3) may not be a member of the council; and
- (4) must be generally knowledgeable in the fields of business, industry, labor, agriculture, commerce, education, or ~~vocational~~ **career and technical** education.

(c) Notwithstanding subsection (b):

- (1) one (1) member must be a representative of the council or a private industry council;
- (2) one (1) member must be an officer or employee of a state educational institution; and
- (3) one (1) member must be an officer or employee of a school corporation.

(d) Each Indiana congressional district must be represented by at least one (1) member who resides in that district.

SECTION 151. IC 22-4.1-13-9, AS ADDED BY P.L.1-2005, SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) The commission shall develop and implement a long range state plan for a comprehensive ~~vocational~~ **career and technical** education program in Indiana.

(b) The plan developed under this section shall be kept current. The plan and any revisions made to the plan shall be made available to:

- (1) the governor;
- (2) the general assembly;
- (3) the Indiana state board of education;
- (4) the department of education;
- (5) the commission for higher education;
- (6) the council;
- (7) the Indiana commission on proprietary education; and
- (8) any other appropriate state or federal agency.

A plan or revised plan submitted under this section to the general assembly must be in an electronic format under IC 5-14-6.

(c) The plan must set forth specific goals for public ~~vocational~~ **career and technical** education at all levels and must include the following:

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- (1) The preparation of each graduate for both employment and further education.
- (2) Accessibility of ~~vocational~~ **career and technical** education to individuals of all ages who desire to explore and learn for economic and personal growth.
- (3) Projected employment opportunities in various ~~vocational~~ **career and technical education** fields.
- (4) A study of the supply of and the demand for a labor force skilled in particular ~~vocational~~ **career and technical education** areas.
- (5) A study of technological and economic change affecting Indiana.
- (6) An analysis of the private ~~vocational~~ **career and technical** education sector in Indiana.
- (7) Recommendations for improvement in the state ~~vocational~~ **career and technical** education program.
- (8) The educational levels expected of ~~vocational~~ **career and technical** education programs proposed to meet the projected employment needs.

SECTION 152. IC 22-4.1-13-10, AS ADDED BY P.L.1-2005, SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. The commission shall do the following:

- (1) Make recommendations to the general assembly concerning the development, duplication, and accessibility of employment training and ~~vocational~~ **career and technical** education on a regional and statewide basis.
- (2) Consult with any state agency, commission, or organization that supervises or administers programs of ~~vocational~~ **career and technical** education concerning the coordination of ~~vocational~~ **career and technical** education, including the following:
 - (A) The Indiana economic development corporation.
 - (B) The council.
 - (C) A private industry council (as defined in 29 U.S.C. 1501 et seq.).
 - (D) The department of labor.
 - (E) The Indiana commission on proprietary education.
 - (F) The commission for higher education.
 - (G) The Indiana state board of education.
- (3) Review and make recommendations concerning plans submitted by the Indiana state board of education and the commission for higher education. The commission may request the resubmission of plans or parts of plans that:
 - (A) are not consistent with the long range state plan of the commission;
 - (B) are incompatible with other plans within the system; or
 - (C) do not avoid duplication of existing services.
- (4) Report to the general assembly on the commission's conclusions and recommendations concerning interagency cooperation, coordination, and articulation of ~~vocational~~ **career and technical** education and employment training. A report under this subdivision must be in an electronic format

under IC 5-14-6.

- (5) Study and develop a plan concerning the transition between secondary level ~~vocational~~ **career and technical** education and postsecondary level ~~vocational~~ **career and technical** education.
- (6) Enter into agreements with the federal government that may be required as a condition of receiving federal funds under the Vocational Education Act (20 U.S.C. 2301 et seq.). An agreement entered into under this subdivision is subject to the approval of the budget agency.

SECTION 153. IC 22-4.1-13-11, AS ADDED BY P.L.1-2005, SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 11. The commission may do the following:

- (1) Make recommendations, including recommendations for policies to encourage involvement of minority groups in the ~~vocational~~ **career and technical** education system in Indiana, to:
 - (A) the governor;
 - (B) the general assembly; and
 - (C) the various agencies, commissions, or organizations that administer ~~vocational~~ **career and technical** education programs concerning all facets of ~~vocational~~ **career and technical** education programming.
- (2) Establish a regional planning and coordination system for ~~vocational~~ **career and technical** education and employment training that will, either in whole or in part, serve ~~vocational~~ **career and technical** education and employment training in Indiana.
- (3) Appoint advisory committees whenever necessary.
- (4) Contract for services necessary to carry out this chapter.
- (5) Provide information and advice on ~~vocational~~ **career and technical** education to a business, an industry, or a labor organization operating a job training program in the private sector.

SECTION 154. IC 22-4.1-13-12, AS ADDED BY P.L.1-2005, SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. The commission shall adopt statewide systems or policies concerning the following as the systems or policies relate to the implementation of ~~vocational~~ **career and technical** education programs:

- (1) Student records.
- (2) Data processing at the secondary level.
- (3) An evaluation system that must be conducted by the commission at least annually and that evaluates the following as each relates to the ~~vocational~~ **career and technical** education programs and courses offered at the secondary level and postsecondary level:
 - (A) Graduation rates.
 - (B) Student placement rates.
 - (C) Retention rates.
 - (D) Enrollment.
 - (E) Student transfer rates to postsecondary educational

institutions.

(F) When applicable, student performance on state licensing examinations or other external certification examinations.

(G) Cost data study.

(4) A system of financial audits to be conducted at least biennially at the secondary level.

SECTION 155. IC 22-4.1-13-13, AS ADDED BY P.L.1-2005, SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13. (a) The commission shall establish ~~vocational career and technical~~ education evaluation criteria.

(b) Using the criteria established under subsection (a), the commission shall evaluate the effectiveness of ~~vocational career and technical~~ education relative to the goals of the long range plan developed under section 9 of this chapter.

SECTION 156. IC 22-4.1-13-14, AS ADDED BY P.L.1-2005, SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. (a) Except as provided in subsection (c), the commission shall receive, distribute, and maintain accountability for all federal funds available for ~~vocational career and technical~~ education under 20 U.S.C. 2301 et seq.

(b) Except as provided in subsection (c), the commission shall distribute and maintain accountability for all federal funds available for ~~vocational career and technical~~ education under 29 U.S.C. 1533.

(c) The commission may not expend or distribute federal funds available under 20 U.S.C. 2301 et seq. or 29 U.S.C. 1533 if those funds have not been allocated by the general assembly.

SECTION 157. IC 22-4.1-13-15, AS ADDED BY P.L.1-2005, SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15. (a) The department shall review the legislative budget requests for ~~vocational career and technical~~ education prepared by the following:

- (1) The department of education.
- (2) The state educational institutions.

(b) After the review under subsection (a), the department shall make recommendations to the budget committee concerning the appropriation of state funds and the allocation of federal funds for ~~vocational career and technical~~ education, including federal funds available under 20 U.S.C. 2301 et seq. and 29 U.S.C. 1533. The department's recommendations concerning appropriations and allocations for ~~vocational career and technical~~ education by secondary schools and state educational institutions must specify:

- (1) the minimum funding levels required by 20 U.S.C. 2301 et seq. and 29 U.S.C. 1533;
- (2) the categories of expenditures and the distribution plan or formula for secondary schools; and
- (3) the categories of expenditures for each state educational institution.

(c) After reviewing the department's recommendations and each agency's budget request, the budget committee shall make recommendations to the general assembly for funding to implement

~~vocational career and technical~~ education. The general assembly shall biennially appropriate state funds for ~~vocational career and technical~~ education and allocate federal funds available under 20 U.S.C. 2301 et seq. and 29 U.S.C. 1533 for ~~vocational career and technical~~ education. At least sixty percent (60%) of the federal funds available under 20 U.S.C. 2301 et seq. shall be allocated to secondary level ~~vocational career and technical~~ education to implement the long range state plan developed under section 9 of this chapter.

(d) The budget agency, with the advice of the department and the budget committee, may augment or reduce an allocation of federal funds made under subsection (c).

SECTION 158. IC 22-4.1-14-1, AS AMENDED BY SEA 526-2007, SECTION 303, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. As used in this chapter, "institution" means:

- (1) a campus of a state educational institution;
- (2) a school corporation; or
- (3) an area ~~vocational career and technical education center or school~~;

as described in section 2 or 3 of this chapter.

SECTION 159. IC 22-4.1-14-2, AS ADDED BY P.L.1-2005, SECTION 44, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. After receiving the endorsement of the faculty and subject to the guidelines developed under section 4 of this chapter, the chief administrator from each campus of a state educational institution that offers a technical education program must enter into a workforce partnership plan as described under this chapter with the superintendent of the school corporation and each area ~~vocational career and technical education~~ director who oversees the secondary level technical education programs that are offered within the same geographic area as the particular campus.

SECTION 160. IC 22-4.1-14-3, AS ADDED BY P.L.1-2005, SECTION 44, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. After the chief administrator receives an endorsement from the faculty and subject to the guidelines developed under section 4 of this chapter, the superintendent of each school corporation and area ~~vocational career and technical education~~ director must enter into a workforce partnership plan as described under this chapter with the chief administrator from each campus of a state educational institution who oversees the postsecondary level technical education programs offered within the same geographic area as the school corporation and area ~~vocational career and technical education center or school~~.

SECTION 161. IC 22-4.1-14-5, AS ADDED BY P.L.1-2005, SECTION 44, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. Notwithstanding any other law and after an institution is required to enter into a workforce partnership plan under this chapter, an institution's workforce partnership plan must be approved by the Indiana commission ~~on~~ ~~vocational for career~~ and technical education of the department for

the institution to:

- (1) be eligible to receive federal and state funds for the institution's ~~vocational~~ **career** and technical education program at the secondary level and postsecondary level;
- (2) receive ~~vocational~~ **career** and technical education program approval by:
 - (A) the Indiana state board of education for secondary level programs; and
 - (B) the commission for higher education for postsecondary level programs;

for any ~~vocational~~ **career** and technical education programs requiring approval; and

- (3) be eligible to complete the program review process by the commission for higher education for postsecondary level ~~vocational~~ **career** and technical education programs.

SECTION 162. IC 22-4.1-14-6, AS AMENDED BY SEA 526-2007, SECTION 304, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. Each workforce partnership plan must do the following:

- (1) Address the need to maximize:
 - (A) the use of ~~vocational~~ **career** and technical education programs and services; and
 - (B) the articulation of ~~vocational~~ **career** and technical education programs;

between the secondary level and postsecondary level.

- (2) Identify ~~vocational~~ **career** and technical education program groupings to coordinate ~~vocational~~ **career** and technical education programs within a geographic area.
- (3) Identify particular certificates of achievement under IC 20-32-3 and IC 21-43-3 and indicate the circumstances under which a state educational institution may elect to grant academic credit to a student who does the following:
 - (A) Acquires the particular certificate of achievement.
 - (B) Satisfies the standards for receipt of academic credit as determined by the state educational institution.
- (4) Provide for the use of joint secondary level and postsecondary level faculty committees to organize ~~vocational~~ **career** and technical education program articulation.
- (5) Comply with 20 U.S.C. 2301 et seq.

SECTION 163. IC 22-4.1-15-1, AS ADDED BY P.L.1-2005, SECTION 45, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. The building and trades advisory committee is established to provide information, advice, and recommendations to the Indiana commission ~~on~~ ~~vocational~~ **for career** and technical education of the department with regard to technical education.

SECTION 164. IC 22-4.1-16-9, AS AMENDED BY SEA 526-2007, SECTION 306, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. The duties of the panel include the following:

- (1) To determine the essential and technical skills required to be effective in the various technical trades and professions.
- (2) To determine the statewide technical proficiencies of

major occupational areas considered to be necessary in the workforce.

- (3) To review existing ~~vocational~~ **career** and technical education programs at the secondary and postsecondary level to determine:

- (A) whether these programs meet the essential skill and statewide technical proficiency standards determined by the panel; and
- (B) whether there exists duplication in programs or deficiencies in program alternatives at any level.

- (4) To improve technical proficiency based curricula for existing ~~vocational~~ **career and technical education** programs.

- (5) To make available to the pilot workplace learning programs developed by the panel required essential skills and technical proficiencies in the major occupational areas.

- (6) To adopt the secondary level and postsecondary level technical certificate of achievement assessment instruments and standards under IC 20-32-3 and IC 21-43-3, respectively.

SECTION 165. IC 27-8-10-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) The definitions in this section apply throughout this chapter.

(b) "Association" means the Indiana comprehensive health insurance association established under section 2.1 of this chapter.

(c) "Association policy" means a policy issued by the association that provides coverage specified in section 3 of this chapter. The term does not include a Medicare supplement policy that is issued under section 9 of this chapter.

(d) "Carrier" means an insurer providing medical, hospital, or surgical expense incurred health insurance policies.

(e) "Church plan" means a plan defined in the federal Employee Retirement Income Security Act of 1974 under 26 U.S.C. 414(e).

(f) "Commissioner" refers to the insurance commissioner.

(g) "Creditable coverage" has the meaning set forth in the federal Health Insurance Portability and Accountability Act of 1996 (26 U.S.C. 9801(c)(1)).

(h) "Eligible expenses" means those charges for health care services and articles provided for in section 3 of this chapter.

(i) "Federal income poverty level" has the meaning set forth in IC 12-15-2-1.

(j) "Federally eligible individual" means an individual:

- (1) for whom, as of the date on which the individual seeks coverage under this chapter, the aggregate period of creditable coverage is at least eighteen (18) months and whose most recent prior creditable coverage was under a:

- (A) group health plan;
- (B) governmental plan; or
- (C) church plan;

or health insurance coverage in connection with any of these plans;

- (2) who is not eligible for coverage under:

- (A) a group health plan;
- (B) Part A or Part B of Title XVIII of the federal Social

Security Act; or

(C) a state plan under Title XIX of the federal Social Security Act (or any successor program);

and does not have other health insurance coverage;

(3) with respect to whom the individual's most recent coverage was not terminated for factors relating to nonpayment of premiums or fraud;

(4) who, if after being offered the option of continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) (29 U.S.C. 1191b(d)(1)), or under a similar state program, elected such coverage; and

(5) who, if after electing continuation coverage described in subdivision (4), has exhausted continuation coverage under the provision or program.

(k) "Governmental plan" means a plan as defined under the federal Employee Retirement Income Security Act of 1974 (26 U.S.C. 414(d)) and any plan established or maintained for its employees by the United States government or by any agency or instrumentality of the United States government.

(l) "Group health plan" means an employee welfare benefit plan (as defined in 29 U.S.C. 1167(1)) to the extent that the plan provides medical care payments to, or on behalf of, employees or their dependents, as defined under the terms of the plan, directly or through insurance, reimbursement, or otherwise.

(m) "Health care facility" means any institution providing health care services that is licensed in this state, including institutions engaged principally in providing services for health maintenance organizations or for the diagnosis or treatment of human disease, pain, injury, deformity, or physical condition, including a general hospital, special hospital, mental hospital, public health center, diagnostic center, treatment center, rehabilitation center, extended care facility, skilled nursing home, nursing home, intermediate care facility, tuberculosis hospital, chronic disease hospital, maternity hospital, outpatient clinic, home health care agency, bioanalytical laboratory, or central services facility servicing one (1) or more such institutions.

(n) "Health care institutions" means skilled nursing facilities, home health agencies, and hospitals.

(o) "Health care provider" means any physician, hospital, pharmacist, or other person who is licensed in Indiana to furnish health care services.

(p) "Health care services" means any services or products included in the furnishing to any individual of medical care, dental care, or hospitalization, or incident to the furnishing of such care or hospitalization, as well as the furnishing to any person of any other services or products for the purpose of preventing, alleviating, curing, or healing human illness or injury.

(q) "Health insurance" means hospital, surgical, and medical expense incurred policies, nonprofit service plan contracts, health maintenance organizations, limited service health maintenance organizations, and self-insured plans. However, the term "health insurance" does not include short term travel accident policies,

accident only policies, fixed indemnity policies, automobile medical payment, or incidental coverage issued with or as a supplement to liability insurance.

(r) "Insured" means all individuals who are provided qualified comprehensive health insurance coverage under an individual policy, including all dependents and other insured persons, if any.

(s) "Medicaid" means medical assistance provided by the state under the Medicaid program under IC 12-15.

(t) "Medical care payment" means amounts paid for:

(1) the diagnosis, care, mitigation, treatment, or prevention of disease or amounts paid for the purpose of affecting any structure or function of the body;

(2) transportation primarily for and essential to Medicare services referred to in subdivision (1); and

(3) insurance covering medical care referred to in subdivisions (1) and (2).

(u) "Medically necessary" means health care services that the association has determined:

(1) are recommended by a legally qualified physician;

(2) are commonly and customarily recognized throughout the physician's profession as appropriate in the treatment of the patient's diagnosed illness; and

(3) are not primarily for the scholastic education or **vocational career and technical** training of the provider or patient.

(v) "Medicare" means Title XVIII of the federal Social Security Act (42 U.S.C. 1395 et seq.).

(w) "Policy" means a contract, policy, or plan of health insurance.

(x) "Policy year" means a twelve (12) month period during which a policy provides coverage or obligates the carrier to provide health care services.

(y) "Health maintenance organization" has the meaning set out in IC 27-13-1-19.

(z) "Resident" means an individual who is:

(1) legally domiciled in Indiana for at least twelve (12) months before applying for an association policy; or

(2) a federally eligible individual and legally domiciled in Indiana.

(aa) "Self-insurer" means an employer who provides services, payment for, or reimbursement of any part of the cost of health care services other than payment of insurance premiums or subscriber charges to a carrier. However, the term "self-insurer" does not include an employer who is exempt from state insurance regulation by federal law, or an employer who is a political subdivision of the state of Indiana.

(bb) "Services of a skilled nursing facility" means services that must commence within fourteen (14) days following a confinement of at least three (3) consecutive days in a hospital for the same condition.

(cc) "Skilled nursing facility", "home health agency", "hospital", and "home health services" have the meanings assigned to them in 42 U.S.C. 1395x.

(dd) "Medicare supplement policy" means an individual policy

of accident and sickness insurance that is designed primarily as a supplement to reimbursements under Medicare for the hospital, medical, and surgical expenses of individuals who are eligible for Medicare benefits.

(ee) "Limited service health maintenance organization" has the meaning set forth in IC 27-13-34-4.

SECTION 166. IC 31-19-26-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) Subject to subsection (b), the subsidies under sections 2 and 3 of this chapter continue:

- (1) until:
 - (A) the child becomes eighteen (18) years of age;
 - (B) the child becomes emancipated;
 - (C) the child dies;
 - (D) the child's adoption is terminated; or
 - (E) further order of court;
 whichever occurs first; and
- (2) although the adoptive parents leave the jurisdiction of the court.

(b) The court may order a subsidy granted under this chapter to continue until the adoptive child becomes twenty-one (21) years of age. The court may issue an order under this subsection if:

- (1) the adoptive child files a petition for the order; and
- (2) the court determines that the child is enrolled in:
 - (A) a secondary school;
 - (B) a college or university; or
 - (C) a course of ~~vocational training~~ **career and technical education** leading to gainful employment.

SECTION 167. IC 31-30-2-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) Except as provided in subsections (b) and (c), the juvenile court's jurisdiction over a delinquent child or a child in need of services and over the child's parent, guardian, or custodian continues until:

- (1) the child becomes twenty-one (21) years of age, unless the court discharges the child and the child's parent, guardian, or custodian at an earlier time; or
- (2) guardianship of the child is awarded to the department of correction.

(b) The juvenile court may, on its own motion, after guardianship of a child is awarded to the department of correction, reinstate the court's jurisdiction for the purpose of ordering the child's parent, guardian, or custodian to participate in programs operated by or through the department of correction.

(c) The juvenile court's jurisdiction over a parent or guardian of the estate of a child under this section continues until the parent or guardian of the estate has satisfied the financial obligation of the parent or guardian of the estate that is imposed under IC 31-40 (or IC 31-6-4-18 before its repeal).

(d) The jurisdiction of the juvenile court over a proceeding described in IC 31-30-1-1(10) for a guardianship of the person continues until the earlier of the date that:

- (1) the juvenile court terminates the guardianship of the person; or

(2) the child becomes:

- (A) nineteen (19) years of age, if a child who is at least eighteen (18) years of age is a full-time student in a secondary school or the equivalent level of vocational or **career and technical training; education;** or
- (B) eighteen (18) years of age, if clause (A) does not apply.

If the guardianship of the person continues after the child becomes the age specified in subdivision (2), the juvenile court shall transfer the guardianship of the person proceedings to a court having probate jurisdiction in the county in which the guardian of the person resides. If the juvenile court has both juvenile and probate jurisdiction, the juvenile court may transfer the guardianship of the person proceedings to the probate docket of the court.

(e) The jurisdiction of the juvenile court to enter, modify, or enforce a support order under IC 31-40-1-5 continues during the time that the court retains jurisdiction over a guardianship of the person proceeding described in IC 31-30-1-1(10).

(f) At any time, a juvenile court may, with the consent of a probate court, transfer to the probate court guardianship of the person proceedings and any related support order initiated in the juvenile court.

SECTION 168. IC 33-39-1-8, AS AMENDED BY P.L.176-2005, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) After June 30, 2005, this section does not apply to a person who:

- (1) holds a commercial driver's license; and
- (2) has been charged with an offense involving the operation of a motor vehicle in accordance with the federal Motor Carrier Safety Improvement Act of 1999 (MCSIA) (Public Law 106-159.113 Stat. 1748).

(b) This section does not apply to a person arrested for or charged with:

- (1) an offense under IC 9-30-5-1 through IC 9-30-5-5; or
- (2) if a person was arrested or charged with an offense under IC 9-30-5-1 through IC 9-30-5-5, an offense involving:
 - (A) intoxication; or
 - (B) the operation of a motor vehicle;

if the offense involving intoxication or the operation of a motor vehicle was part of the same episode of criminal conduct as the offense under IC 9-30-5-1 through IC 9-30-5-5.

(c) A prosecuting attorney may withhold prosecution against an accused person if:

- (1) the person is charged with a misdemeanor;
- (2) the person agrees to conditions of a pretrial diversion program offered by the prosecuting attorney;
- (3) the terms of the agreement are recorded in an instrument signed by the person and the prosecuting attorney and filed in the court in which the charge is pending; and
- (4) the prosecuting attorney electronically transmits information required by the prosecuting attorneys council concerning the withheld prosecution to the prosecuting attorneys council, in a manner and format designated by the prosecuting attorneys council.

(d) An agreement under subsection (c) may include conditions that the person:

- (1) pay to the clerk of the court an initial user's fee and monthly user's fees in the amounts specified in IC 33-37-4-1;
- (2) work faithfully at a suitable employment or faithfully pursue a course of study or ~~vocational training~~ **career and technical education** that will equip the person for suitable employment;
- (3) undergo available medical treatment or counseling and remain in a specified facility required for that purpose;
- (4) support the person's dependents and meet other family responsibilities;
- (5) make restitution or reparation to the victim of the crime for the damage or injury that was sustained;
- (6) refrain from harassing, intimidating, threatening, or having any direct or indirect contact with the victim or a witness;
- (7) report to the prosecuting attorney at reasonable times;
- (8) answer all reasonable inquiries by the prosecuting attorney and promptly notify the prosecuting attorney of any change in address or employment; and
- (9) participate in dispute resolution either under IC 34-57-3 or a program established by the prosecuting attorney.

(e) An agreement under subsection (c)(2) may include other provisions reasonably related to the defendant's rehabilitation, if approved by the court.

(f) The prosecuting attorney shall notify the victim when prosecution is withheld under this section.

(g) All money collected by the clerk as user's fees under this section shall be deposited in the appropriate user fee fund under IC 33-37-8.

(h) If a court withholds prosecution under this section and the terms of the agreement contain conditions described in subsection (d)(6):

- (1) the clerk of the court shall comply with IC 5-2-9; and
- (2) the prosecuting attorney shall file a confidential form prescribed or approved by the division of state court administration with the clerk.

SECTION 169. IC 34-23-2-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) As used in this section, "child" means an unmarried individual without dependents who is:

- (1) less than twenty (20) years of age; or
- (2) less than twenty-three (23) years of age and is enrolled in an institution of higher education or in a ~~vocational career~~ **and technical education** school or program.

(b) An action may be maintained under this section against the person whose wrongful act or omission caused the injury or death of a child. The action may be maintained by:

- (1) the father and mother jointly, or either of them by naming the other parent as a codefendant to answer as to his or her interest;
- (2) in case of divorce or dissolution of marriage, the person to whom custody of the child was awarded; and

(3) a guardian, for the injury or death of a protected person.

(c) In case of death of the person to whom custody of a child was awarded, a personal representative shall be appointed to maintain the action for the injury or death of the child.

(d) In an action brought by a guardian for an injury to a protected person, the damages inure to the benefit of the protected person.

(e) In an action to recover for the death of a child, the plaintiff may recover damages:

- (1) for the loss of the child's services;
- (2) for the loss of the child's love and companionship; and
- (3) to pay the expenses of:
 - (A) health care and hospitalization necessitated by the wrongful act or omission that caused the child's death;
 - (B) the child's funeral and burial;
 - (C) the reasonable expense of psychiatric and psychological counseling incurred by a surviving parent or minor sibling of the child that is required because of the death of the child;
 - (D) uninsured debts of the child, including debts for which a parent is obligated on behalf of the child; and
 - (E) the administration of the child's estate, including reasonable attorney's fees.

(f) Damages may be awarded under this section only with respect to the period of time from the death of the child until:

- (1) the date that the child would have reached:
 - (A) twenty (20) years of age; or
 - (B) twenty-three (23) years of age, if the child was enrolled in an institution of higher education or in a ~~vocational~~ **career and technical education** school or program; or
- (2) the date of the child's last surviving parent's death;

whichever first occurs.

(g) Damages may be awarded under subsection (e)(2) only with respect to the period of time from the death of the child until the date of the child's last surviving parent's death.

(h) Damages awarded under subsection (e)(1), (e)(2), (e)(3)(C), and (e)(3)(D) inure to the benefit of:

- (1) the father and mother jointly if both parents had custody of the child;
- (2) the custodial parent, or custodial grandparent, and the noncustodial parent of the deceased child as apportioned by the court according to their respective losses; or
- (3) a custodial grandparent of the child if the child was not survived by a parent entitled to benefit under this section.

However, a parent or grandparent who abandoned a deceased child while the child was alive is not entitled to any recovery under this chapter.

SECTION 170. IC 35-38-2-2.3, AS AMENDED BY P.L.60-2006, SECTION 9, AS AMENDED BY P.L.140-2006, SECTION 24, AND AS AMENDED BY P.L.173-2006, SECTION 24, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2.3. (a) As a condition of probation, the court may require a person to do a combination of the following:

- (1) Work faithfully at suitable employment or faithfully pursue a course of study or ~~vocational training~~ **career and technical education** that will equip the person for suitable employment.
- (2) Undergo available medical or psychiatric treatment and remain in a specified institution if required for that purpose.
- (3) Attend or reside in a facility established for the instruction, recreation, or residence of persons on probation.
- (4) Support the person's dependents and meet other family responsibilities.
- (5) Make restitution or reparation to the victim of the crime for damage or injury that was sustained by the victim. When restitution or reparation is a condition of probation, the court shall fix the amount, which may not exceed an amount the person can or will be able to pay, and shall fix the manner of performance.
- (6) Execute a repayment agreement with the appropriate governmental entity to repay the full amount of public relief or assistance wrongfully received, and make repayments according to a repayment schedule set out in the agreement.
- (7) Pay a fine authorized by IC 35-50.
- (8) Refrain from possessing a firearm or other deadly weapon unless granted written permission by the court or the person's probation officer.
- (9) Report to a probation officer at reasonable times as directed by the court or the probation officer.
- (10) Permit the person's probation officer to visit the person at reasonable times at the person's home or elsewhere.
- (11) Remain within the jurisdiction of the court, unless granted permission to leave by the court or by the person's probation officer.
- (12) Answer all reasonable inquiries by the court or the person's probation officer and promptly notify the court or probation officer of any change in address or employment.
- (13) Perform uncompensated work that benefits the community.
- (14) Satisfy other conditions reasonably related to the person's rehabilitation.
- (15) Undergo home detention under IC 35-38-2.5.
- (16) Undergo a laboratory test or series of tests approved by the state department of health to detect and confirm the presence of the human immunodeficiency virus (HIV) antigen or antibodies to the human immunodeficiency virus (HIV), if:
 - (A) the person had been convicted of a sex crime listed in IC 35-38-1-7.1(e) and the crime created an epidemiologically demonstrated risk of transmission of the human immunodeficiency virus (HIV) as described in IC 35-38-1-7.1(b)(8); or
 - (B) the person had been convicted of an offense related to a controlled substance listed in IC 35-38-1-7.1(f) and the offense involved the conditions described in IC 35-38-1-7.1(b)(9)(A).
- (17) Refrain from any direct or indirect contact with an

individual.

- (18) Execute a repayment agreement with the appropriate governmental entity or with a person for reasonable costs incurred because of the taking, detention, or return of a missing child (as defined in IC 10-13-5-4).
- (19) Periodically undergo a laboratory chemical test (as defined in IC 14-15-8-1) or series of chemical tests as specified by the court to detect and confirm the presence of a controlled substance (as defined in IC 35-48-1-9). The person on probation is responsible for any charges resulting from a test and shall have the results of any test under this subdivision reported to the person's probation officer by the laboratory.
- (20) If the person was confined in a penal facility, execute a reimbursement plan as directed by the court and make repayments under the plan to the authority that operates the penal facility for all or part of the costs of the person's confinement in the penal facility. The court shall fix an amount that:
 - (A) may not exceed an amount the person can or will be able to pay;
 - (B) does not harm the person's ability to reasonably be self supporting or to reasonably support any dependent of the person; and
 - (C) takes into consideration and gives priority to any other restitution, reparation, repayment, or fine the person is required to pay under this section.
- (21) Refrain from owning, harboring, or training an animal.
- (22) *Participate in a reentry court program.*
 - (b) When a person is placed on probation, the person shall be given a written statement specifying:
 - (1) the conditions of probation; and
 - (2) that if the person violates a condition of probation during the probationary period, a petition to revoke probation may be filed before the earlier of the following:
 - (A) One (1) year after the termination of probation.
 - (B) Forty-five (45) days after the state receives notice of the violation.
 - (c) As a condition of probation, the court may require that the person serve a term of imprisonment in an appropriate facility at the time or intervals (consecutive or intermittent) within the period of probation the court determines.
 - (d) Intermittent service may be required only for a term of not more than sixty (60) days and must be served in the county or local penal facility. The intermittent term is computed on the basis of the actual days spent in confinement and shall be completed within one (1) year. A person does not earn credit time while serving an intermittent term of imprisonment under this subsection. When the court orders intermittent service, the court shall state:
 - (1) the term of imprisonment;
 - (2) the days or parts of days during which a person is to be confined; and
 - (3) the conditions.

(e) Supervision of a person may be transferred from the court that placed the person on probation to a court of another jurisdiction, with the concurrence of both courts. Retransfers of supervision may occur in the same manner. This subsection does not apply to transfers made under IC 11-13-4 or IC 11-13-5.

(f) When a court imposes a condition of probation described in subsection (a)(17):

- (1) the clerk of the court shall comply with IC 5-2-9; and
- (2) the prosecuting attorney shall file a confidential form prescribed or approved by the division of state court administration with the clerk.

(g) As a condition of probation, a court shall require a person:

- (1) convicted of an offense described in IC 10-13-6-10;
- (2) who has not previously provided a DNA sample in accordance with IC 10-13-6; and
- (3) whose sentence does not involve a commitment to the department of correction;

to provide a DNA sample as a condition of probation.

SECTION 171. IC 35-50-6-3.3, AS AMENDED BY SEA 526-2007, SECTION 380, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3.3. (a) In addition to any credit time a person earns under subsection (b) or section 3 of this chapter, a person earns credit time if the person:

- (1) is in credit Class I;
- (2) has demonstrated a pattern consistent with rehabilitation; and
- (3) successfully completes requirements to obtain one (1) of the following:

- (A) A general educational development (GED) diploma under IC 20-20-6, if the person has not previously obtained a high school diploma.
- (B) A high school diploma.
- (C) An associate's degree from an approved postsecondary educational institution (as defined under IC 21-7-13-6(a)).
- (D) A bachelor's degree from an approved postsecondary educational institution (as defined under IC 21-7-13-6(a)).

(b) In addition to any credit time that a person earns under subsection (a) or section 3 of this chapter, a person may earn credit time if, while confined by the department of correction, the person:

- (1) is in credit Class I;
- (2) demonstrates a pattern consistent with rehabilitation; and
- (3) successfully completes requirements to obtain at least one (1) of the following:

- (A) A certificate of completion of a ~~vocational career and technical~~ education program approved by the department of correction.
- (B) A certificate of completion of a substance abuse program approved by the department of correction.
- (C) A certificate of completion of a literacy and basic life skills program approved by the department of correction.

(c) The department of correction shall establish admissions criteria and other requirements for programs available for earning credit time under subsection (b). A person may not earn credit time

under both subsections (a) and (b) for the same program of study.

(d) The amount of credit time a person may earn under this section is the following:

- (1) Six (6) months for completion of a state of Indiana general educational development (GED) diploma under IC 20-20-6.
- (2) One (1) year for graduation from high school.
- (3) One (1) year for completion of an associate's degree.
- (4) Two (2) years for completion of a bachelor's degree.
- (5) Not more than a total of six (6) months of credit, as determined by the department of correction, for the completion of one (1) or more ~~vocational career and technical~~ education programs approved by the department of correction.
- (6) Not more than a total of six (6) months of credit, as determined by the department of correction, for the completion of one (1) or more substance abuse programs approved by the department of correction.
- (7) Not more than a total of six (6) months credit, as determined by the department of correction, for the completion of one (1) or more literacy and basic life skills programs approved by the department of correction.

However, a person who does not have a substance abuse problem that qualifies the person to earn credit in a substance abuse program may earn not more than a total of twelve (12) months of credit, as determined by the department of correction, for the completion of one (1) or more ~~vocational career and technical~~ education programs approved by the department of correction. If a person earns more than six (6) months of credit for the completion of one (1) or more ~~vocational career and technical~~ education programs, the person is ineligible to earn credit for the completion of one (1) or more substance abuse programs.

(e) Credit time earned by a person under this section is subtracted from the release date that would otherwise apply to the person after subtracting all other credit time earned by the person.

(f) A person does not earn credit time under subsection (a) unless the person completes at least a portion of the degree requirements after June 30, 1993.

(g) A person does not earn credit time under subsection (b) unless the person completes at least a portion of the program requirements after June 30, 1999.

(h) Credit time earned by a person under subsection (a) for a diploma or degree completed before July 1, 1999, shall be subtracted from:

- (1) the release date that would otherwise apply to the person after subtracting all other credit time earned by the person, if the person has not been convicted of an offense described in subdivision (2); or
- (2) the period of imprisonment imposed on the person by the sentencing court, if the person has been convicted of one (1) of the following crimes:
 - (A) Rape (IC 35-42-4-1).
 - (B) Criminal deviate conduct (IC 35-42-4-2).
 - (C) Child molesting (IC 35-42-4-3).

- (D) Child exploitation (IC 35-42-4-4(b)).
- (E) Vicarious sexual gratification (IC 35-42-4-5).
- (F) Child solicitation (IC 35-42-4-6).
- (G) Child seduction (IC 35-42-4-7).
- (H) Sexual misconduct with a minor as a Class A felony, Class B felony, or Class C felony (IC 35-42-4-9).
- (I) Incest (IC 35-46-1-3).
- (J) Sexual battery (IC 35-42-4-8).
- (K) Kidnapping (IC 35-42-3-2), if the victim is less than eighteen (18) years of age.
- (L) Criminal confinement (IC 35-42-3-3), if the victim is less than eighteen (18) years of age.
- (M) An attempt or a conspiracy to commit a crime listed in clauses (A) through (L).

(i) The maximum amount of credit time a person may earn under this section is the lesser of:

- (1) four (4) years; or
- (2) one-third (1/3) of the person's total applicable credit time.

(j) The amount of credit time earned under this section is reduced to the extent that application of the credit time would otherwise result in:

- (1) postconviction release (as defined in IC 35-40-4-6); or
- (2) assignment of the person to a community transition program;

in less than forty-five (45) days after the person earns the credit time.

(k) A person may earn credit time for multiple degrees at the same education level under subsection (d) only in accordance with guidelines approved by the department of correction. The department of correction may approve guidelines for proper sequence of education degrees under subsection (d).

SECTION 172. P.L.246-2005, SECTION 36, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: SECTION 36. (a) If the budget director determines at any time during the biennium that the executive branch of state government cannot meet its statutory obligations due to insufficient funds in the general fund, then notwithstanding IC 4-10-18, the budget agency, with the approval of the governor and after review by the budget committee, may transfer from the counter-cyclical revenue and economic stabilization fund to the general fund an amount necessary to maintain a positive balance in the general fund.

~~(b) The budget agency shall transfer one hundred million dollars (\$100,000,000) into the counter-cyclical revenue and economic stabilization fund during the state fiscal year ending June 30, 2007, unless the budget agency determines there is an insufficient balance in the general fund to make the transfer.~~

~~(c) (b) This SECTION expires July 2, 2007. 2009.~~

SECTION 173. [EFFECTIVE JULY 1, 2007] (a) As used in this SECTION, "commission" refers to the commission on disproportionality in youth services.

(b) As used in this SECTION, "youth services" means the following:

- (1) Juvenile justice services.

(2) Child welfare services.

(3) Education services.

(4) Mental health services.

(c) The commission on disproportionality in youth services is established to develop and provide an implementation plan to evaluate and address disproportionate representation of youth of color in the use of youth services.

(d) The commission consists of the following members appointed not later than August 15, 2007:

(1) The dean or a faculty member of an Indiana accredited graduate school of public administration, social work, education, mental health, or juvenile justice, who shall serve as chairperson of the commission.

(2) The state superintendent of public instruction, or the superintendent's designee.

(3) The director of the division of mental health and addiction, or the director's designee.

(4) The executive director of the Indiana criminal justice institute, or the executive director's designee.

(5) The director of the department of child services, or the director's designee.

(6) The commissioner of the department of correction, or the commissioner's designee.

(7) A division of child services county director from a densely populated county.

(8) A faculty member of an Indiana accredited college or university that offers undergraduate degrees in public administration, social work, education, mental health, or juvenile justice.

(9) A prosecuting attorney.

(10) A juvenile court judge.

(11) An attorney who specializes in juvenile law.

(12) A representative of the Indiana Minority Health Coalition.

(13) A health care provider who specializes in pediatric or emergency medicine.

(14) A public agency family case manager.

(15) A private agency children's service social worker.

(16) A school counselor or social worker.

(17) A representative of law enforcement.

(18) A guardian ad litem, court appointed special advocate, or other child advocate.

(19) The chairperson of an established advocacy group in Indiana that has previously investigated the issue of disproportionality in use of youth services.

(20) A young adult who has previous involvement with at least one (1) youth service.

(21) A representative of foster parents or adoptive parents.

(22) A representative of a state teacher's association or a public school teacher.

(23) A child psychiatrist or child psychologist.

(24) A representative of a family support group.

(25) A representative of the National Alliance on Mental Illness.

(26) A representative of the commission on the social status of black males.

(27) A representative of the Indiana Juvenile Detention Association.

(28) A representative of the commission on Hispanic/Latino affairs.

(29) A representative of the civil rights commission.

(30) Two (2) members of the house of representatives appointed by the speaker of the house of representatives. The members appointed under this subdivision may not be members of the same political party and serve as nonvoting members.

(31) Two (2) members of the senate appointed by the president pro tempore of the senate. The members appointed under this subdivision may not be members of the same political party and serve as nonvoting members.

The governor shall appoint the members under subdivisions (1), (7), (10), (13), (16), (19), (22), (25), (28), and (29). The speaker of the house of representatives shall appoint the members under subdivisions (8), (11), (14), (17), (20), (23), (26), and (30). The president pro tempore of the senate shall appoint the members under subdivisions (9), (12), (15), (18), (21), (24), (27), and (31). Vacancies shall be filled by the appointing authority for the remainder of the unexpired term.

(e) Each member of the commission shall have an interest in or influence on evaluating and addressing disproportionate representation of youth of color in the use of youth services.

(f) A majority of the voting members of the commission constitutes a quorum.

(g) The Indiana accredited graduate school represented by the chairperson of the commission under subsection (d)(1) shall staff the commission.

(h) The commission shall meet at the call of the chairperson and shall meet as often as necessary to carry out the purposes of this SECTION.

(i) Each member of the commission who is not a state employee is entitled to the minimum salary per diem provided by IC 4-10-11-2.1(b). The member is also entitled to reimbursement for traveling expenses as provided under IC 4-13-1-4 and other expenses actually incurred in connection with the member's duties as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.

(j) Each member of the commission who is a state employee but who is not a member of the general assembly is entitled to reimbursement for traveling expenses as provided under IC 4-13-1-4 and other expenses actually incurred in connection with the member's duties as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.

(k) Each member of the commission who is a member of the

general assembly is entitled to receive the same per diem, mileage, and travel allowances paid to legislative members of interim study committees established by the legislative council. Per diem, mileage, and travel allowances paid under this subsection shall be paid from appropriations made to the legislative council or the legislative services agency.

(l) The commission's responsibilities include the following:

(1) Reviewing Indiana's public and private child welfare, juvenile justice, mental health, and education service delivery systems to evaluate disproportionality rates in the use of youth services by youth of color.

(2) Reviewing federal, state, and local funds appropriated to address disproportionality in the use of youth services by youth of color.

(3) Reviewing current best practice standards addressing disproportionality in the use of youth services by youth of color.

(4) Examining the qualifications and training of youth service providers and making recommendations for a training curriculum and other necessary changes.

(5) Recommending methods to improve use of available public and private funds to address disproportionality in the use of youth services by youth of color.

(6) Providing information concerning identified unmet youth service needs and providing recommendations concerning the development of resources to meet the identified needs.

(7) Suggesting policy, program, and legislative changes related to youth services to accomplish the following:

(A) Enhancement of the quality of youth services.

(B) Identification of potential resources to promote change to enhance youth services.

(C) Reduction of the disproportionality in the use of youth services by youth of color.

(8) Preparing a report consisting of the commission's findings and recommendations, and the presentation of an implementation plan to address disproportionate representation of youth of color in use of youth services.

(m) In carrying out the commission's responsibilities, the commission shall consider pertinent studies concerning disproportionality in use of youth services by youth of color.

(n) The affirmative votes of a majority of the commission's voting members are required for the commission to take action on any measure, including recommendations included in the report required under subsection (l)(8).

(o) The commission shall submit the report required under subsection (l)(8) to the governor and to the legislative council not later than August 15, 2008. The report to the legislative council must be in an electronic format under IC 5-14-6. The commission shall make the report available to the public upon request not later than December 1, 2008.

(p) There is appropriated from the state general fund one hundred twenty-five thousand (\$125,000) dollars for the period

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beginning July 1, 2007, and ending December 31, 2008, to carry out the purposes of this SECTION, including the hiring by the chairperson of an individual to serve only to assist the chairperson and members with research, statistical analysis, meeting support, and drafting of the report required under subsection (l)(8).

(q) This SECTION expires January 1, 2009.

SECTION 174. [EFFECTIVE JULY 1, 2007] There is appropriated to the department of agriculture the following amounts from the state general fund for the following purposes beginning July 1, 2007, and ending June 30, 2009:

Acquisition of land and improvements for education outreach and development center	\$2,000,000
Total operating costs for educational outreach associated through the center	\$300,000
Total operating costs for development in conservation, bioenergy and natural resources through the center	\$300,000

(b) The money appropriated by this SECTION does not revert to the state general fund at the close of any state fiscal year but remains available to the department of agriculture until the purpose for which it was appropriated is fulfilled.

SECTION 175. [EFFECTIVE JULY 1, 2007] The trustees of Vincennes University may issue and sell bonds under IC 21-34, subject to the approvals required by IC 21-33-3, for the purpose of constructing, furnishing, and equipping a center for advanced manufacturing and applied technology on the Jasper campus of Vincennes University, if the sum of principal costs of any bonds issued, excluding amounts necessary to provide money for debt service reserves, credit enhancement, or other costs incidental to the issuance of the bonds, does not exceed eight million dollars (\$8,000,000).

SECTION 176. [EFFECTIVE JULY 1, 2007] (a) There is appropriated to Vincennes University five million dollars (\$5,000,000) from the state general fund for the construction of a center for advanced manufacturing in Gibson County. The center shall be owned and operated by Vincennes University. The appropriation may be used for:

- (1) the construction, furnishing, and equipping of the center;
- (2) purchasing any land necessary for the center; and
- (3) employing one (1) or more architects or engineers.

(b) If any part of the appropriation made by subsection (a) has not been allotted or encumbered before July 1, 2011, the budget agency may determine that:

- (1) the balance of the appropriation is not available for allotment;
- (2) the appropriation shall be terminated; and
- (3) the balance of the appropriation shall revert to the state general fund.

SECTION 177. [EFFECTIVE UPON PASSAGE] The trustees of Vincennes University are authorized to acquire, construct,

renovate, improve, and equip a multicultural center to be funded from sources other than student fees or state funds or bonds payable from student fees or state funds if the total cost of the project does not exceed five million dollars (\$5,000,000).

SECTION 178. [EFFECTIVE JULY 1, 2007] (a) There is appropriated to the Indiana University School of Medicine - South Bend ten million dollars (\$10,000,000) from the state general fund for the construction of the Cancer Research Institute. The facility shall be owned and operated by Indiana University School of Medicine - South Bend.

(b) The money appropriated by this SECTION does not revert to the state general fund at the close of any state fiscal year but remains available to Indiana University School of Medicine - South Bend until the purpose for which it was appropriated is fulfilled.

SECTION 179. [EFFECTIVE JULY 1, 2007] (a) The trustees of the following institutions may issue and sell bonds under IC 21-34, subject to the approvals required by IC 21-33-3, for the following projects if the sum of principal costs of any bond issued, excluding amounts necessary to provide money for debt service reserves, credit enhancement, or other costs incidental to the issuance of the bonds, does not exceed the total authority listed below for that institution:

Indiana University South Bend - Arts Building Renovation	\$27,000,000
Indiana University Bloomington - Cyber Infrastructure Building	18,300,000
Indiana University, Purdue University at Indianapolis - Neurosciences Research Building	20,000,000
Indiana University Southeast Medical Education Center A & E	1,000,000
Indiana State University - Life Sciences/Chemistry Laboratory Renovations	14,800,000
Ball State University - Central Campus Academic Project, Phase I & Utilities	33,000,000
Ivy Tech-Fort Wayne Technology Center and Demolition Costs	26,700,000
Ivy Tech - Indianapolis Community College for the Fall Creek Expansion Project	69,370,000
Ivy Tech - Lamkin Center for Instructional Development and Leadership	1,000,000
Ivy Tech - Logansport	16,000,000
Ivy Tech - Sellersburg	20,000,000
Ivy Tech - Warsaw A & E	1,000,000
Ivy Tech - Muncie\Anderson A & E	4,800,000
Ivy Tech - Elkhart Phase I	16,000,000
Ivy Tech - Greencastle	8,000,000
Purdue University Calumet -	

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Gyt Building A & E Purdue University North Central - Student Services & Recreation Center A & E	2,400,000 1,000,000
University of Southern Indiana College of Business - General Classroom Building	29,900,000
Vincennes University - Health and Science Lab Rehabilitation	2,000,000
Indiana University, Purdue University at Fort Wayne Student Services and Library Complex	24,000,000

(b) The trustees of the following institution may issue and sell bonds under IC 21-34, subject to the approvals required by IC 21-33-3, for the following project if the sum of principal costs of any bond issued, excluding amounts necessary to provide money for debt service reserves, credit enhancement, or other costs incidental to the issuance of the bonds, does not exceed the total authority listed below for that institution:

Purdue University West Lafayette - Mechanical Engineering Addition	\$33,000,000
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The foregoing project is not eligible for fee replacement appropriations.

(c) The trustees of the following institution may issue and sell bonds under IC 21-34, subject to the approvals required by IC 21-33-3, for the following project if the sum of principal costs of any bond issued, excluding amounts necessary to provide money for debt service reserves, credit enhancement, or other costs incidental to the issuance of the bonds, does not exceed the total authority listed below for that institution:

Purdue University West Lafayette - Boiler No. 6	\$53,000,000
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The institution shall invite bids as provided under IC 21-37-3-3. The bids shall be open to inspection by the public.

SECTION 180. [EFFECTIVE JULY 1, 2007] (a) The trustees of the following institution may issue and sell bonds under IC 21-34, subject to the approvals required by IC 21-33-3, for the following project if the sum of principal costs of any bond issued, excluding amounts necessary to provide money for debt service reserves, credit enhancement, or other costs incidental to the issuance of the bonds, does not exceed the total authority listed below for that institution:

Purdue University West Lafayette - Animal Disease Diagnostic Laboratory (BSL-3)	\$30,000,000
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(b) The Indiana department of administration, acting on behalf of the Indiana state board of animal health, in recognition of the state board of animal health's statutory functions involving the animal disease diagnostic laboratory, is hereby authorized and directed to enter into a lease agreement, as lessee, with the trustees of Purdue University as lessor, covering animal disease diagnostic laboratory (BSL-3).

SECTION 181. [EFFECTIVE UPON PASSAGE] The trustees of Indiana University may issue and sell bonds under IC 21-35,

subject to the approvals required under IC 21-33-3, to provide funds for the acquisition, renovation, expansion, and improvements for the new Athletic Facilities (including all related and subordinate components of the new Athletic facilities) and may undertake the project if the total costs financed by the bond issue, excluding any amount necessary to provide money for debt service reserved, credit enhancement, or other costs incidental to the issuance of the bonds, do not exceed forty-five million dollars (\$45,000,000). Income from the property may include general athletic revenues.

SECTION 182. [EFFECTIVE JULY 1, 2007] (a) The purpose of this SECTION is to eliminate the accrued payment delay balances to state educational institutions and IHETS and the Indiana commission for higher education that were created because of the distribution of eleven-twelfths (11/12) of the budgeted amount in the state fiscal year ending June 30, 2002, and a continuation of the practice of delayed payments in subsequent state fiscal years through the state fiscal year ending June 30, 2005.

(b) The following definitions apply throughout this section:

- (1) "IHETS" refers to the Indiana higher education telecommunications system.
- (2) "State educational institution" has the meaning set forth in IC 21-7-13-32.

(c) There is appropriated to the budget agency sixty-two million, fifty-six thousand, eight hundred fifty-four dollars (\$62,056,854) from the state general fund for its use for general repair and rehabilitation or for repair and rehabilitation of dormitories or other student housing of state educational institutions, beginning July 1, 2007, and ending June 30, 2009 as follows:

INDIANA UNIVERSITY - TOTAL SYSTEM	
General Repair and Rehab	24,343,840
PURDUE UNIVERSITY - TOTAL SYSTEM	
General Repair and Rehab	17,189,072
INDIANA STATE UNIVERSITY	
General Repair and Rehab	4,304,740
UNIVERSITY OF SOUTHERN INDIANA	
General Repair and Rehab	1,612,030
BALL STATE UNIVERSITY	
General Repair and Rehab	6,678,810
VINCENNES UNIVERSITY	
General Repair and Rehab	1,804,222
IVY TECH COMMUNITY COLLEGE	
General Repair and Rehab	6,124,142

(d) Notwithstanding P.L.246-2005, SECTION 32, the budget agency shall distribute to a state educational institution after June 30, 2007, and before July 1, 2009, the amount appropriated to the state educational institution under subsection (c). The distributions under subsection (c) shall be made as follows:

- (1) Fifty percent (50%) of the distributions shall be made in one (1) or more installments after June 30, 2007, and

before July 1, 2008, on the schedule determined by the budget agency after review of the schedule by the budget committee.

(2) Fifty percent (50%) of the distributions shall be made in one (1) or more installments after June 30, 2008, and before July 1, 2009, on the schedule determined by the budget agency after review of the schedule by the budget committee.

(3) Each distribution shall be separately allotted.

(e) An appropriation under subsection (c) is in addition to the appropriations for general repair and rehabilitation made in P.L.246-2005, SECTION 32, or any other law. Notwithstanding any other law, an appropriation under subsection (c) does not revert to the general fund under IC 4-13-2-19.

(f) The amount appropriated under subsection (c), when distributed to a state educational institution, shall be treated as reducing any claim that the total system of the state educational institution has to one-twelfth (1/12) of the amount budgeted for the state educational institution in all line items in HEA 1001-2003, SECTION 9, for the state fiscal year ending June 30, 2005. Subject to subsection (g), the amount of the claim reduction for each state educational institution is equal to the amount distributed to the state educational institution. The amount of the claim reduction for the entire system, and the amount apportioned for each institution individually, shall be computed by the budget agency. The budget agency shall make the final determination.

(g) An amount appropriated under subsection (c), when distributed to Indiana University, shall be treated as reducing any claim that IHETS has to one-twelfth (1/12) of the amount budgeted for IHETS in all line items in HEA 1001-2003, SECTION 9, for the state fiscal year ending June 30, 2005. The amount of the claim reduction is a part of the amount distributed to Indiana University - Total System apportioned as determined by the budget agency.

(h) Amounts appropriated under subsection (c) shall be treated as reducing any claim to zero dollars (\$0) that the Indiana commission for higher education has to one-twelfth (1/12) of the amount budgeted for the Indiana commission for higher education in all line items in HEA 1001-2003, SECTION 9, for the state fiscal year ending June 30, 2005.

SECTION 183. [EFFECTIVE JULY 1, 2007] There is appropriated from the state general fund to Ivy Tech Community College one million six hundred thousand dollars (\$1,600,000) for the purpose of making lease payments for the Portage Campus beginning July 1, 2008, and ending June 30, 2009. Any unencumbered amount from the appropriation under this SECTION remaining at the end of a state fiscal year does not revert to the state general fund but remains available for the purposes of the appropriation in subsequent state fiscal years.

SECTION 184. [EFFECTIVE JULY 1, 2007] (a) There is

appropriated to the Indiana economic development corporation one million dollars (\$1,000,000) from the state general fund for the period beginning July 1, 2007, and ending June 30, 2009, for its use in providing technical and financial assistance to small businesses (as defined in IC 4-22-2.1-4) that engage in global commerce.

(b) This SECTION expires June 30, 2009.

SECTION 185. [EFFECTIVE JULY 1, 2007] (a) There is appropriated to the Indiana economic development corporation one million dollars (\$1,000,000) from the state general fund for its use in assisting the Indiana small business development center in the operation of the small business development center network, for the period beginning July 1, 2007, and ending June 30, 2009.

(b) Money appropriated by this SECTION must be used for the specific purpose described in subsection (a). Money appropriated by this SECTION may not be used to pay the administrative expenses of the Indiana economic development corporation.

(c) This SECTION expires June 30, 2009.

SECTION 186. [EFFECTIVE JULY 1, 2007] Notwithstanding SECTION 244 of HEA 1001-2005, the trustees of Purdue University may issue and sell bonds under IC 21-34, subject to the review by the budget committee required by IC 21-33-3, for the following project if the sum of principal costs of any bond issued, excluding amounts necessary to provide money for debt service reserves, credit enhancement, or other costs incidental to the issuance of the bonds, does not exceed the total authority listed below:

Purdue University North Central Campus Parking Garage No. 1	8,000,000
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SECTION 187. [EFFECTIVE UPON PASSAGE] (a) The general assembly finds that the state of Indiana needs additional parking facilities in the area of the state capitol complex and the White River State Park for:

- (1) employees of the state and the facilities located in the area of the state capitol complex and White River State Park; and
- (2) visitors to or persons having business at facilities located in the area of the state capitol complex and White River State Park.

(b) The general assembly finds that the state of Indiana will have a continuing need for use and occupancy of the parking facilities described in subsection (a).

(c) The general assembly authorizes the Indiana finance authority to proceed with the projects described in subsection (a) under IC 4-13.5-1 and IC 4-13.5-4.

(d) The Indiana finance authority shall present a feasibility plan and cost estimate to the budget committee when the feasibility plan and cost estimate become available.

SECTION 188. IC 27-1-3-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15. (a) Except as provided in subsection (g) (f), the commissioner shall collect the

following filing fees:

Document	Fee
Articles of incorporation	\$ 350
Amendment of articles of incorporation	\$ 10
Filing of annual statement and consolidated statement	\$ 100
Annual renewal of company license fee	\$ 50
Withdrawal of certificate of authority	\$ 25
Certified statement of condition	\$ 5
Any other document required to be filed by this article	\$ 25

The commissioner shall deposit fees collected under this subsection into the department of insurance fund established by section 28 of this chapter.

(b) The commissioner shall collect a fee of ten dollars (\$10) each time process is served on the commissioner under this title.

(c) The commissioner shall collect the following fees for copying and certifying the copy of any filed document relating to a domestic or foreign corporation:

Per page for copying	As determined by the commissioner but not to exceed actual cost
For the certificate	\$10

(d) Each domestic and foreign insurer **and each health maintenance organization** shall remit annually to the commissioner for deposit into the department of insurance fund established by ~~IC 27-1-3-28~~ **section 28 of this chapter one thousand dollars (\$1,000)** as an internal audit fee. All assessment insurers, farm mutuals, **and** fraternal benefit societies **and health maintenance organizations** shall remit to the commissioner for deposit into the department of insurance fund ~~one~~ **two hundred fifty dollars (\$250)** annually as an internal audit fee.

(e) Beginning July 1, 1994, each insurer shall remit to the commissioner for deposit into the department of insurance fund established by ~~IC 27-1-3-28~~ **section 28 of this chapter** a fee of thirty-five dollars (\$35) for each policy, rider, **and rule, rate, or endorsement filed with the state, including subsequent filings. Except as provided in subsection (f), each policy, rider, rule, rate, or endorsement that is filed as part of a particular product filing or in association with a particular product filing is an individual filing subject to the fee under this subsection.** However, ~~each policy, rider, and endorsement filed as part of a particular product filing and associated with that product filing shall be considered to be a single filing and subject only to one (1) thirty-five dollar (\$35) fee;~~ **the total amount of fees paid under this subsection by each insurer for a particular product filing may not exceed one thousand dollars (\$1,000).**

(f) **Beginning July 1, 2009, a policy, rider, rule, rate, or endorsement that is filed as part of a particular product filing**

or in association with a particular product filing for a commercial product described in:

- (1) Class 2(b), Class 2(c), Class 2(d), Class 2(e), Class 2(f), Class 2(g), Class 2(h), Class 2(i), Class 2(j), Class 2(k), Class 2(l), or Class 2(m) of IC 27-1-5-1; or**
- (2) Class 3 of IC 27-1-5-1;**

is considered to be part of a single filing for which the insurer is subject only to one (1) thirty-five dollar (\$35) fee under subsection (e).

~~(f)~~ (g) The commissioner shall pay into the state general fund by the end of each calendar month the amounts collected during that month under subsections ~~(a)~~; (b) and (c).

~~(g)~~ (h) The commissioner may not collect fees for quarterly statements filed under IC 27-1-20-33.

~~(h)~~ (i) The commissioner may adopt rules under IC 4-22-2 to provide for the accrual and quarterly billing of fees under this section.

SECTION 189. IC 27-1-3-28 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 28. (a) The department of insurance fund is established for the following purposes:

- (1) To provide supplemental funding for the operations of the department of insurance.
- (2) To pay the costs of hiring and employing staff.
- (3) To provide staff salary differentials as necessary to equalize the average salaries and staffing levels of the department of insurance with the average salaries and staffing levels reported in the most recent Insurance Department Resources Report published by the National Association of Insurance Commissioners.
- (4) To enable the department of insurance to maintain accreditation by the National Association of Insurance Commissioners.
- (5) To carry out any other purpose determined necessary by the department of insurance to carry out the department's duties under this title.**

(b) The fund shall be administered by the commissioner. The following shall be deposited in the department of insurance fund:

- (1) Audit fees remitted by insurers to the commissioner under ~~IC 27-1-3-15(d)~~ **section 15(d) of this chapter.**
- (2) Filing fees remitted by insurers to the commissioner under ~~IC 27-1-3-15(e)~~ **section 15(a) or 15(e) of this chapter.**
- (3) Any other amounts remitted to the commissioner or the department that are required by rule or statute to be deposited into the department of insurance fund.

(c) The expenses of administering the fund shall be paid from money in the fund.

(d) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the fund.

(e) Money in the fund at the end of a particular fiscal year does not revert to the state general fund.

(f) There is annually appropriated to the department of insurance,

for the purposes set forth in subsection (a), the entire amount of money deposited in the fund in each year.

SECTION 190. IC 27-1-15.6-32 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 32. (a) The department shall adopt rules under IC 4-22-2 to set fees for licensure under this chapter, IC 27-1-15.7, and IC 27-1-15.8.

(b) Insurance producer and limited lines producer license renewal fees are due every ~~four (4)~~ **two (2)** years. The fee charged by the department every ~~four (4)~~ **two (2)** years for a:

- (1) resident license is forty dollars (\$40); and
- (2) nonresident license is ninety dollars (\$90).

(c) Consultant renewal fees are due every twenty-four (24) months.

(d) Surplus lines producer renewal fees are due ~~annually~~ **every two (2) years. The fee charged by the department every two (2) years for a:**

- (1) resident license is eighty dollars (\$80); and**
- (2) nonresident license is one hundred twenty dollars (\$120).**

(e) The commissioner may issue a duplicate license for any license issued under this chapter. The fee charged by the commissioner for the issuance of a duplicate:

- (1) insurance producer license;
- (2) surplus lines producer license;
- (3) limited lines producer license; or
- (4) consultant license;

may not exceed ten dollars (\$10).

(f) A fee charged and collected under this section shall be deposited into the department of insurance fund established by IC 27-1-3-28.

SECTION 191. IC 27-1-25-12.2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12.2. (a) An administrator that:

- (1) performs the duties of an administrator in Indiana; and
- (2) does not hold a license issued under section 11.1 of this chapter;

shall obtain a nonresident administrator license under this section by filing a uniform application with the commissioner.

(b) Unless the commissioner verifies the nonresident administrator's home state license status through an electronic data base maintained by the NAIC or by an affiliate or a subsidiary of the NAIC, a uniform application filed under subsection (a) must be accompanied by a letter of certification from the nonresident administrator's home state, verifying that the nonresident administrator holds a resident administrator license in the home state.

(c) A nonresident administrator is not eligible for a nonresident administrator license under this section unless the nonresident administrator is licensed as a resident administrator in a home state that has a law or regulation that is substantially similar to this chapter.

(d) Except as provided in subsections (b) and (h), the commissioner shall issue a nonresident administrator license to a nonresident administrator that makes a filing under subsections (a) and (b) upon receipt of the filing.

(e) Unless a nonresident administrator is notified by the commissioner that the commissioner is able to verify the nonresident administrator's home state licensure through an electronic data base described in subsection (b), the nonresident administrator shall:

- (1) on September 15 of each year, file a statement with the commissioner affirming that the nonresident administrator maintains a current license in the nonresident administrator's home state; and
- (2) pay a filing fee as required by the commissioner.

The commissioner shall collect a filing fee required under subdivision (2) and deposit the fee into the department of insurance fund established by IC 27-1-3-28.

(f) A nonresident administrator that applies for licensure under this section shall:

- (1) produce the accounts of the nonresident administrator;
- (2) produce the records and files of the nonresident administrator for examination; and
- (3) make the officers of the nonresident administrator available to provide information with respect to the affairs of the nonresident administrator;

when reasonably required by the commissioner.

(g) A nonresident administrator is not required to hold a nonresident administrator license in Indiana if the nonresident administrator's function in Indiana is limited to the administration of life, health, or annuity coverage for a total of not more than one hundred (100) Indiana residents.

(h) The commissioner may refuse to issue or may delay the issuance of a nonresident administrator license if the commissioner determines that:

- (1) due to events occurring; or
- (2) based on information obtained;

after the nonresident administrator's home state's licensure of the nonresident administrator, the nonresident administrator is unable to comply with this chapter or grounds exist for the home state's revocation or suspension of the nonresident administrator's home state license.

(i) If the commissioner makes a determination described in subsection (h), the commissioner:

- (1) shall provide written notice of the determination to the insurance regulator of the nonresident administrator's home state; and
- (2) may delay the issuance of a nonresident administrator license to the nonresident administrator until the commissioner determines that the nonresident administrator is able to comply with this chapter and that grounds do not exist for the home state's revocation or suspension of the nonresident administrator's home state license.

SECTION 192. IC 27-1-25-12.3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12.3. (a) An administrator that is licensed under section 11.1 of this chapter shall, not later than July 1 of each year unless the commissioner grants an extension of time for good cause, file a report for the previous calendar year that complies with the following:

- (1) The report must contain financial information reflecting a positive net worth prepared in accordance with section 11.1(b)(4) of this chapter.
- (2) The report must be in the form and contain matters prescribed by the commissioner.
- (3) The report must be verified by at least two (2) officers of the administrator.
- (4) The report must include the complete names and addresses of insurers with which the administrator had a written agreement during the preceding fiscal year.
- (5) The report must be accompanied by a filing fee determined by the commissioner.

The commissioner shall collect a filing fee paid under subdivision (5) and deposit the fee into the department of insurance fund established by IC 27-1-3-28.

(b) The commissioner shall review a report filed under subsection (a) not later than September 1 of the year in which the report is filed. Upon completion of the review, the commissioner shall:

- (1) issue a certification to the administrator:
 - (A) indicating that:
 - (i) the financial statement reflects a positive net worth; and
 - (ii) the administrator is currently licensed and in good standing; or
 - (B) noting deficiencies found in the report; or
- (2) update an electronic data base that is maintained by the NAIC or by an affiliate or a subsidiary of the NAIC:
 - (A) indicating that the administrator is solvent and in compliance with this chapter; or
 - (B) noting deficiencies found in the report.

SECTION 193. IC 27-8-16-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) A claim review agent may not conduct medical claims review concerning health care services delivered to an enrollee in Indiana unless the claim review agent holds a certificate of registration issued by the department under this chapter.

(b) To obtain a certificate of registration under this chapter, a claim review agent must submit to the department an application containing the following:

- (1) The name, address, telephone number, and normal business hours of the claim review agent.
- (2) The name and telephone number of a person that the department may contact concerning the information in the application.
- (3) Documentation necessary for the department to determine that the claim review agent is capable of satisfying the minimum requirements set forth in section 7 of this chapter.
- (c) An application submitted under this section must be:
 - (1) signed and verified by the applicant; and
 - (2) accompanied by an application fee in the amount established under subsection (d).

The commissioner shall deposit an application fee collected under this subsection into the department of insurance fund

established by IC 27-1-3-28.

(d) The department shall set the amount of the application fee required by subsection (c) and section 6(a) of this chapter in the rules adopted under section 14 of this chapter. The amount may not be more than is reasonably necessary to generate revenue sufficient to offset the costs incurred by the department in carrying out the department's responsibilities under this chapter.

(e) The department shall issue a certificate of registration to a claim review agent that satisfies the requirements of this section.

SECTION 194. IC 27-8-16-5.2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5.2. (a) A person may not act as a claim review consultant concerning health care services delivered to an enrollee in Indiana unless the person holds a certificate of registration issued by the department under this chapter.

(b) To obtain a certificate of registration under this chapter, a person must submit to the department an application containing the following:

- (1) The name, address, telephone number, and normal business hours of the person.
- (2) The name and telephone number of a person that the department may contact concerning the information in the application.
- (3) Documentation necessary for the department to determine that the person is capable of satisfying the minimum requirements set forth in this chapter.

(c) An application submitted under this section must be:

- (1) signed and verified by the applicant; and
- (2) accompanied by an application fee in the amount established under subsection (d).

The commissioner shall deposit an application fee collected under this subsection into the department of insurance fund established by IC 27-1-3-28.

(d) The department shall set the amount of the application fee required by subsection (c) and section 6(a) of this chapter in the rules adopted under section 14 of this chapter. The amount may not be more than is reasonably necessary to generate revenue sufficient to offset the costs incurred by the department in carrying out the department's responsibilities under this chapter.

(e) The department shall issue a certificate of registration to a claim review consultant that satisfies the requirements of this section.

SECTION 195. IC 27-8-16-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) To remain in effect, a certificate of registration issued under this chapter must be renewed on June 30 of each year. To obtain the renewal of a certificate of registration, a claim review agent or a claim review consultant must submit an application to the commissioner. The application must be accompanied by a registration fee in the amount set under section 5(d) of this chapter. **The commissioner shall deposit a registration fee collected under this subsection into the department of insurance fund established by IC 27-1-3-28.**

(b) A certificate of registration issued under this chapter may not be transferred unless the department determines that the person to

which the certificate of registration is to be transferred has satisfied the requirements of this chapter.

(c) If there is a material change in any of the information set forth in an application submitted under this chapter, the claim review agent or claim review consultant that submitted the application shall notify the department of the change in writing not more than thirty (30) days after the change.

SECTION 196. IC 27-8-17-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) A utilization review agent may not conduct utilization review in Indiana unless the utilization review agent holds a certificate of registration issued by the department under this chapter.

(b) To obtain a certificate of registration under this chapter, a utilization review agent must submit to the department an application containing the following:

- (1) The name, address, telephone number, and normal business hours of the utilization review agent.
- (2) The name and telephone number of a person that the department may contact concerning the information in the application.
- (3) Documentation necessary for the department to determine that the utilization review agent is capable of satisfying the minimum requirements set forth in section 11 of this chapter.

(c) An application submitted under this section must be:

- (1) signed and verified by the applicant; and
- (2) accompanied by an application fee in the amount established under subsection (d).

The commissioner shall deposit an application fee collected under this subsection into the department of insurance fund established by IC 27-1-3-28.

(d) The department shall set the amount of the application fee required by subsection (c) and section 10(a) of this chapter in the rules adopted under section 20 of this chapter. The amount may not be more than is reasonably necessary to generate revenue sufficient to offset the costs incurred by the department in carrying out its responsibilities under this chapter.

(e) The department shall issue a certificate of registration to a utilization review agent that satisfies the requirements of this section.

SECTION 197. IC 27-8-17-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) To remain in effect, a certificate of registration issued under this chapter must be renewed on June 30 of each year. To obtain the renewal of a certificate of registration, a utilization review agent must submit an application to the commissioner. The application must be accompanied by a registration fee in the amount set under section 9(d) of this chapter. **The commissioner shall deposit a registration fee collected under this subsection into the department of insurance fund established by IC 27-1-3-28.**

(b) A certificate of registration issued under this chapter may not be transferred unless the department determines that the entity to whom the certificate is to be transferred has satisfied the requirements of this chapter.

(c) If there is a material change in any of the information set forth in an application submitted under this chapter, the utilization review

agent that submitted the application shall notify the department of the change in writing within thirty (30) days after the change.

SECTION 198. IC 27-13-27-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. Each health maintenance organization subject to this article shall pay to the commissioner **for deposit into the department of insurance fund established by IC 27-1-3-28** the following fees:

- (1) Three hundred fifty dollars (\$350) for filing:
 - (A) an application for a certificate of authority; or
 - (B) an application for an amendment to a certificate of authority.
- (2) Fifty dollars (\$50) for filing each annual report.

SECTION 199. IC 27-13-34-23 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 23. (a) A limited service health maintenance organization subject to this chapter shall pay to the commissioner **for deposit into the department of insurance fund established by IC 27-1-3-28** the following fees:

- (1) For filing an application for a certificate of authority or an amendment to an application, three hundred fifty dollars (\$350).
- (2) For filing each annual report, fifty dollars (\$50).

(b) In addition to the fees required by subsection (a), a limited service health maintenance organization subject to this chapter must pay the fees required by IC 27-1-3-15.

SECTION 200. IC 5-20-4-7, AS AMENDED BY P.L.1-2006, SECTION 114, AND AS AMENDED BY P.L.181-2006, SECTION 31, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE AUGUST 1, 2007]: Sec. 7. (a) There is established the *affordable housing trust and community development* fund. The fund shall be administered by the *Indiana housing and community development* authority under the direction of the *Indiana housing and community development* authority's board.

(b) The fund consists of the following resources:

- (1) Appropriations from the general assembly.
- (2) Gifts, ~~and grants, to the fund:~~ and donations of any tangible or intangible property from public or private sources.
- (3) Investment income earned on the fund's assets.
- (4) Repayments of loans from the fund.
- (5) Funds borrowed from the board for depositories insurance fund (IC 5-13-12-7).

(6) Money deposited in the fund under IC 6-7-2-17.

(c) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

(d) The money remaining in the fund at the end of a fiscal year does not revert to the state general fund.

(e) Interest earned on the fund may be used by the *Indiana housing and community development* authority to pay expenses incurred in the administration of the fund.

SECTION 201. IC 6-7-2-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. A tax is imposed on the distribution of tobacco products in Indiana at the rate of

~~eighteen~~ **twenty-four** percent (~~18%~~) (**24%**) of the wholesale price of the tobacco products. The distributor of the tobacco products is liable for the tax. The tax is imposed at the time the distributor:

- (1) brings or causes tobacco products to be brought into Indiana for distribution;
- (2) manufactures tobacco products in Indiana for distribution;
- or
- (3) transports tobacco products to retail dealers in Indiana for resale by those retail dealers.

SECTION 202. IC 6-7-2-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE AUGUST 1, 2007]: Sec. 17. The department shall deposit ~~all revenue~~ **twenty-five percent (25%) of the taxes, registration fees, fines, or penalties** collected under this chapter **in the affordable housing and community development fund established by IC 5-20-4-7. The remainder of the taxes, registration fees, fines, or penalties collected under this chapter shall be deposited** as provided in IC 6-7-1-28.1.

SECTION 203. [EFFECTIVE JULY 1, 2007] **IC 6-7-2-7, as amended by this act, applies to transactions occurring after June 30, 2007.**

SECTION 204. IC 6-1.1-30-16 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 16. The department of local government finance is the agency through which public access to information provided for a county to both the department of local government finance and the legislative services agency shall be provided. This information to which this section applies includes information provided under the following:**

- (1) IC 5-14-1.5-2.
- (2) IC 6-1.1-4-18.5.
- (3) IC 6-1.1-4-19.5.
- (4) IC 6-1.1-4-25.
- (5) IC 6-1.1-5.5-3.
- (6) IC 6-1.1-11-8.
- (7) IC 6-1.1-31.5-3.5.
- (8) IC 6-1.1-33.5-3.
- (9) IC 36-2-9-20.

SECTION 205. IC 36-7-15.1-26.2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 26.2. (a) As used in this section, "depreciable personal property" refers to all of the designated taxpayer's depreciable personal property that is located in the allocation area.

(b) As used in this section, "designated taxpayer" means a taxpayer designated by the commission in a declaratory resolution adopted or amended under section 8 or 10.5 of this chapter, and with respect to which the commission finds that:

- (1) taxes to be derived from the taxpayer's depreciable personal property in the allocation area, in excess of the taxes attributable to the base assessed value of that personal property, are needed to pay debt service for bonds issued under section 17 of this chapter or to make payments on leases payable under section 17.1 of this chapter in order to provide local public improvements for a particular allocation area;

(2) the taxpayer's property in the allocation area will consist primarily of industrial, manufacturing, warehousing, research and development, processing, distribution, ~~or~~ transportation, **or convention center hotel** related projects; and

(3) the taxpayer's property in the allocation area will not consist primarily of retail, commercial, or residential projects.

For purposes of subdivision (3), a convention center hotel project is not considered a retail, commercial, or residential project.

(c) The allocation provision of a declaratory resolution may modify the definition of "property taxes" under section 26(a) of this chapter to include taxes imposed under IC 6-1.1 on the depreciable personal property of designated taxpayers in accordance with the procedures and limitations set forth in this section and section 26 of this chapter. If such a modification is included in the resolution, for purposes of section 26 of this chapter the term "base assessed value" with respect to the depreciable personal property of designated taxpayers means the net assessed value of the depreciable personal property as finally determined for the assessment date immediately preceding:

- (1) the effective date of the modification, for modifications adopted before July 1, 1995; and
- (2) the adoption date of the modification for modifications adopted after June 30, 1995;

as adjusted under section 26(h) of this chapter.

SECTION 206. [EFFECTIVE JULY 1, 2007] (a) As used in this SECTION, "committee" refers to the sentencing policy study committee established by subsection (c).

(b) **The general assembly finds that a comprehensive study of sentencing laws and policies is desirable in order to:**

- (1) ensure that sentencing laws and policies protect the public safety;
- (2) establish fairness and uniformity in sentencing laws and policies;
- (3) determine whether incarceration or alternative sanctions are appropriate for various categories of criminal offenses; and
- (4) maximize cost effectiveness in the administration of sentencing laws and policies.

(c) **The sentencing policy study committee is established to evaluate sentencing laws and policies as they relate to:**

- (1) the purposes of the criminal justice and corrections systems;
- (2) the availability of sentencing options; and
- (3) the inmate population in department of correction facilities.

If, based on the committee's evaluation under this subsection, the committee determines that changes are necessary or appropriate, the committee shall make recommendations to the general assembly for the modification of sentencing laws and policies and for the addition, deletion, or expansion of sentencing options.

(d) **The committee shall do the following:**

- (1) Evaluate the existing classification of criminal offenses

into felony and misdemeanor categories. In determining the proper category for each felony and misdemeanor, the committee shall consider, to the extent they have relevance, the following:

- (A) The nature and degree of harm likely to be caused by the offense, including whether the offense involves property, irreplaceable property, a person, a number of persons, or a breach of the public trust.
- (B) The deterrent effect a particular classification may have on the commission of the offense.
- (C) The current incidence of the offense in Indiana.
- (D) The rights of the victim.

(2) Recommend structures to be used by a sentencing court in determining the most appropriate sentence to be imposed in a criminal case, including any combination of imprisonment, probation, restitution, community service, or house arrest. The committee shall also consider the following:

- (A) The nature and characteristics of the offense.
- (B) The severity of the offense in relation to other offenses.
- (C) The characteristics of the defendant that mitigate or aggravate the seriousness of the criminal conduct and the punishment deserved for that conduct.
- (D) The defendant's number of prior convictions.
- (E) The available resources and capacity of the department of correction, local confinement facilities, and community based sanctions.
- (F) The rights of the victim.

The committee shall include with each set of sentencing structures an estimate of the effect of the sentencing structures on the department of correction and local facilities with respect to both fiscal impact and inmate population.

(3) Review community corrections and home detention programs for the purpose of:

- (A) standardizing procedures and establishing rules for the supervision of home detainees; and
- (B) establishing procedures for the supervision of home detainees by community corrections programs of adjoining counties.

(4) Determine the long range needs of the criminal justice and corrections systems and recommend policy priorities for those systems.

(5) Identify critical problems in the criminal justice and corrections systems and recommend strategies to solve the problems.

(6) Assess the cost effectiveness of the use of state and local funds in the criminal justice and corrections systems.

(7) Recommend a comprehensive community corrections strategy based on the following:

- (A) A review of existing community corrections programs.
- (B) The identification of additional types of community corrections programs necessary to create an effective

continuum of corrections sanctions.

(C) The identification of categories of offenders who should be eligible for sentencing to community corrections programs and the impact that changes to the existing system of community corrections programs would have on sentencing practices.

(D) The identification of necessary changes in state oversight and coordination of community corrections programs.

(E) An evaluation of mechanisms for state funding and local community participation in the operation and implementation of community corrections programs.

(F) An analysis of the rate of recidivism of clients under the supervision of existing community corrections programs.

(8) Propose plans, programs, and legislation for improving the effectiveness of the criminal justice and corrections systems.

(9) Evaluate the use of faith based organizations as an alternative to incarceration.

(10) Study issues related to sex offenders, including:

- (A) lifetime parole;
- (B) GPS or other electronic monitoring;
- (C) a classification system for sex offenders;
- (D) recidivism; and
- (E) treatment.

(e) The committee may study other topics assigned by the legislative council or as directed by the committee chair. The committee may meet as often as necessary.

(f) The committee consists of twenty (20) members appointed as follows:

- (1) Four (4) members of the senate, not more than two (2) of whom may be affiliated with the same political party, to be appointed by the president pro tempore of the senate.
- (2) Four (4) members of the house of representatives, not more than two (2) of whom may be affiliated with the same political party, to be appointed by the speaker of the house of representatives.
- (3) The chief justice of the supreme court or the chief justice's designee.
- (4) The commissioner of the department of correction or the commissioner's designee.
- (5) The director of the Indiana criminal justice institute or the director's designee.
- (6) The executive director of the prosecuting attorneys council of Indiana or the executive director's designee.
- (7) The executive director of the public defender council of Indiana or the executive director's designee.
- (8) One (1) person with experience in administering community corrections programs, appointed by the governor.
- (9) One (1) person with experience in administering probation programs, appointed by the governor.
- (10) Two (2) judges who exercise juvenile jurisdiction, not more than one (1) of whom may be affiliated with the

same political party, to be appointed by the governor.

(11) Two (2) judges who exercise criminal jurisdiction, not more than one (1) of whom may be affiliated with the same political party, to be appointed by the governor.

(12) One (1) board certified psychologist or psychiatrist who has expertise in treating sex offenders, appointed by the governor to act as a nonvoting advisor to the committee.

(g) The chairman of the legislative council shall appoint a legislative member of the committee to serve as chair of the committee. Whenever there is a new chairman of the legislative council, the new chairman may remove the chair of the committee and appoint another chair.

(h) If a legislative member of the committee ceases to be a member of the chamber from which the member was appointed, the member also ceases to be a member of the committee.

(i) A legislative member of the committee may be removed at any time by the appointing authority who appointed the legislative member.

(j) If a vacancy exists on the committee, the appointing authority who appointed the former member whose position is vacant shall appoint an individual to fill the vacancy.

(k) The committee shall submit a final report of the results of its study to the legislative council before November 1, 2008. The report must be in an electronic format under IC 5-14-6.

(l) The Indiana criminal justice institute shall provide staff support to the committee.

(m) Each member of the committee is entitled to receive the same per diem, mileage, and travel allowances paid to individuals who serve as legislative and lay members, respectively, of interim study committees established by the legislative council.

(n) The affirmative votes of a majority of the voting members appointed to the committee are required for the committee to take action on any measure, including the final report.

(o) Except as otherwise specifically provided by this act, the committee shall operate under the rules of the legislative council. All funds necessary to carry out this act shall be paid from appropriations to the legislative council and legislative services agency.

(p) This SECTION expires December 31, 2008.

SECTION 207. IC 5-10-1.1-3.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3.5. (a) This section applies to an individual who becomes an employee of the state after June 30, 2007.

(b) Unless an employee notifies the state that the employee does not want to enroll in the deferred compensation plan, on day thirty-one (31) of the employee's employment:

(1) the employee is automatically enrolled in the deferred compensation plan; and

(2) the state is authorized to begin deductions as otherwise allowed under this chapter.

(c) The auditor of state shall provide written notice to an

employee of the provisions of this chapter. The notice provided under this subsection must:

(1) be provided:

(A) with the employee's first paycheck; and

(B) on paper that is a color that is separate and distinct from the color of the employee's paycheck;

(2) contain a statement concerning:

(A) the purposes of;

(B) procedures for notifying the state that the employee does not want to enroll in;

(C) the tax consequences of;

(D) the details of the state match for employee contribution to;

the deferred compensation plan;

(3) list the telephone number, electronic mail address, and other contact information for the auditor of state, who serves as plan administrator.

(d) Notwithstanding IC 22-2-6, except as provided by subsection (c), the state shall deduct from an employee's compensation as a contribution to the deferred compensation plan established by the state under this chapter an amount equal to the maximum amount of any match provided by the state on behalf of the employee to a defined contribution plan established under section 1.5(a) of this chapter.

(e) An employee may contribute to the deferred compensation plan established by the state under this chapter an amount other than the amount described in subsection (d) by affirmatively choosing to contribute:

(1) a higher amount;

(2) a lower amount; or

(3) zero (0).

SECTION 208. IC 5-10.1-2-9 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: Sec. 9. (a) The agreement shall be modified to exclude services performed by an election official or an election worker for calendar year 2007 in which the remuneration paid for such services is less than one thousand three hundred dollars (\$1,300), and for each calendar year after 2007 in which the remuneration paid is less than the adjusted amount, as described in subsection (b), beginning with services performed in the year that this modification was mailed or delivered by other means to the Commissioner of Social Security.

(b) The one thousand three hundred dollar (\$1,300) limit on the excludable amount of remuneration paid in a calendar year for the services specified in this modification will be subject to adjustment for calendar years after 2007 to reflect changes in wages in the economy without any further modification of the agreement, with respect to such services performed during such calendar years, in accordance with Section 218(c)(8)(B) of the Social Security Act.

(c) This exclusion applies to all coverage groups of the state and its political subdivisions currently (as of the date this modification is executed), including under this agreement and

to which the agreement is hereafter made applicable.

SECTION 209. IC 12-15-29-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) Subject to subsection (b), an insurer shall furnish records or information pertaining to the coverage of an individual for the individual's medical costs under an individual or a group policy or other obligation, or the medical benefits paid or claims made under a policy or an obligation, if the office ~~or its agent~~ does the following:

- (1) Requests the information ~~in writing~~; **electronically or by United States mail.**
- (2) Certifies that the individual is:
 - (A) a Medicaid applicant or recipient; or
 - (B) a person who is legally responsible for the applicant or recipient.

(b) The office may request only the records or information necessary to determine whether insurance benefits have been or should have been claimed and paid with respect to items of medical care and services that were received by a particular individual and for which Medicaid coverage would otherwise be available.

SECTION 210. IC 12-15-44 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

Chapter 44. Coordination of Benefits Study

Sec. 1. As used in this chapter, "covered entity" has the meaning set forth in 45 CFR 160.103.

Sec. 2. (a) Before January 1, 2008, the office shall do the following:

- (1) Examine all Medicaid claims paid after January 1, 2001, and before July 1, 2007.
- (2) Determine the claims examined under subdivision (1) that were eligible for payment by a third party other than Medicaid.
- (3) Recover the costs associated with the claims determined under subdivision (2) to be eligible for payment by a third party other than Medicaid.

(b) If the office requests a covered entity to furnish information to complete the examination required by this section, the covered entity shall furnish the requested information to the office.

Sec. 3. (a) The office is authorized to transmit the minimum human identifiers in ANSI X.12 270 inquiries, including the name, gender, and date of birth of a Medicaid recipient, to a covered entity licensed or registered to provide health insurance or health care coverage to Indiana residents for the purpose of establishing the coverage in force of a Medicaid recipient who presents a claim.

(b) A health plan that receives a message described in subsection (a) from the office or its agent shall respond to the office or its agent within twenty-four (24) hours.

(c) An entity licensed or registered to provide health insurance or health care coverage to Indiana residents that refuses an ANSI X. 12 270 message described in subsection (a) that was transmitted to the entity by the office or its agent is subject to a fine for each refusal in an amount not to exceed one thousand dollars (\$1,000) for each refusal.

(d) The office may impose the fine described in subsection (c).

Sec. 4. The office, any medical provider wishing to bill Indiana Medicaid, or any health plan has a cause of action for injunctive relief against any health plan that fails to comply with this chapter. A plaintiff seeking relief under this section may recover costs of litigation, including attorney's fees.

Sec. 5. If the office or its agent furnishes evidence that a health plan has refused or failed to respond to messages described in section 3(a) of this chapter transmitted by the office or its agent to the health plan, the attorney general shall:

- (1) subpoena the enrollment data of any entity that refuses or fails to respond to the messaging described in section 3(a) of this chapter;
- (2) commence a complaint under 42 U.S.C. 1320d-5 for administrative sanctions under the Health Insurance Portability and Accountability Act of 1996 (P.L. 104-191); and
- (3) commence a prosecution under USC 1035 or IC 5-11-5.5 of any entity that refuses or fails to respond to the messaging described under section 3(a) of this chapter.

Sec. 6. (a) If, after the office completes its examination under section 2 of this chapter, the office determines that the number of claims determined under section 2(a)(2) of this chapter is at least one percent (1%) of the number of claims examined under section 2(a)(1) of this chapter, the office shall develop and implement a procedure to improve the coordination of benefits between:

- (1) the Medicaid program; and
- (2) entities that provide health coverage to a Medicaid recipient.

(b) If a procedure is developed and implemented under subsection (a), the procedure:

- (1) must be automated; and
- (2) must have the capability to determine whether a Medicaid claim is eligible for payment by an entity other than the Medicaid program before the claim is paid under the Medicaid program.

SECTION 211. IC 33-33-24-2 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. The judge of the Franklin circuit court may appoint one (1) full-time magistrate under IC 33-23-5. The magistrate continues in office until removed by the judge.

SECTION 212. IC 33-33-29-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. The judges of the Hamilton superior court may jointly appoint ~~one (1)~~ two (2) full-time ~~magistrate~~ magistrates under IC 33-23-5. ~~The A~~ magistrate continues in office until removed by the judges of the superior court.

SECTION 213. IC 33-33-36-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. The Jackson superior court has ~~one (1) judge~~ two (2) judges. ~~who shall hold sessions in Seymour.~~

SECTION 214. [EFFECTIVE JULY 1, 2007] (a) The Jackson

superior court is not expanded to two (2) judges until January 1, 2008.

(b) The governor shall appoint a person under IC 3-13-6-1(f) to serve as the initial judge added to the Jackson superior court by IC 33-33-36-3, as amended by this act, before January 1, 2008.

(c) The term of the initial judge appointed under subsection (b) begins January 1, 2008, and ends December 31, 2010.

(d) The initial election of the judge of the Jackson superior court added by IC 33-33-36-3, as amended by this act, is the general election on November 2, 2010. The term of the initially elected judge begins January 1, 2011.

SECTION 215. IC 33-33-10-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) Clark County constitutes the fourth judicial circuit.

(b) The judges of the Clark circuit court and Clark superior court may jointly appoint ~~one (1)~~ two (2) full-time magistrate magistrates under IC 33-23-5 to serve the circuit and superior courts.

(c) ~~The~~ A magistrate continues in office until removed by the judges of the Clark circuit and superior courts.

SECTION 216. IC 33-30-2-1, AS AMENDED BY P.L.237-2005, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 1. (a) A county court is established in ~~the following counties:~~

~~(1) Floyd County;~~

~~(2) Madison County.~~

(b) However, a county court ~~listed~~ described in subsection (a) is abolished if:

(1) IC 33-33 provides a small claims docket of the circuit court;

(2) IC 33-33 provides a small claims docket of the superior court; or

(3) IC 33-34 provides a small claims court;

for the county in which the county court was established.

SECTION 217. IC 33-33-22-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 1. (a) Floyd County constitutes the fifty-second judicial circuit.

(b) The judges of the Floyd circuit court ~~and~~ Floyd superior court ~~and Floyd county court~~ may jointly appoint one (1) full-time magistrate under IC 33-23-5 to serve the circuit ~~and~~ superior ~~and county~~ courts.

(c) The magistrate continues in office until removed by the judges of the Floyd circuit ~~and~~ superior ~~and county~~ courts.

SECTION 218. IC 33-33-22-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 3. (a) IC 33-29-1-3 does not apply to this section.

(b) The Floyd superior court has ~~one (1) judge;~~ three judges, who shall be elected at the general election every six (6) years in Floyd County. ~~The~~ A judge's term begins January 1 following the judge's election and ends December 31 following the election of the judge's successor.

SECTION 219. IC 33-33-22-7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS

[EFFECTIVE JANUARY 1, 2009]: Sec. 7. The Floyd superior court has a standard small claims and misdemeanor division.

SECTION 220. THE FOLLOWING ARE REPEALED [EFFECTIVE JANUARY 1, 2009]: IC 33-30-3-12; IC 33-33-22-6.

SECTION 221. [EFFECTIVE JULY 1, 2007] (a) Notwithstanding IC 33-33-22-3, as amended by this act, the Floyd superior court is not expanded from one (1) judge to three (3) judges until January 1, 2009.

(b) As of January 1, 2009, the Floyd county court is abolished.

(c) Any case pending in the Floyd county court after the close of business on December 31, 2008, is transferred on January 1, 2009, to the Floyd superior court established by IC 33-33-22-2. All cases transferred under this subsection that are eligible to be heard by the standard small claims and misdemeanor division, established by IC 33-33-22-7, as added by this act, shall be transferred to the standard small claims and misdemeanor division of the Floyd superior court in accordance with the venue requirements prescribed in Rule 75 of the Indiana Rules of Trial Procedure. A case transferred under this SECTION shall be treated as if the case were filed in the Floyd superior court.

(d) On January 1, 2009, all property and obligations of the Floyd county court become the property and obligations of the Floyd superior court.

(e) The initial election of the second and third judges of the Floyd superior court added by IC 33-33-22-3, as amended by this act, is the general election on November 4, 2008. The term of a judge elected under this subsection begins January 1, 2009.

(f) This SECTION expires January 2, 2009.

SECTION 222. [EFFECTIVE UPON PASSAGE]. (a) The definitions in IC 20-18-2 apply throughout this SECTION.

(b) The legislative council shall contract with Indiana University's Center for Evaluation and Education Policy for a study of the effectiveness and efficiency of charter schools in Indiana under the terms and conditions specified by the legislative council. The study must provide for a final report to be made before November 1, 2008, to the general assembly in an electronic format under IC 5-14-6 and to the governor. The department of education, charter schools, and sponsors of charter schools shall cooperate with the Center for Evaluation and Education Policy to complete the study.

SECTION 223. [EFFECTIVE JULY 1, 2007] Beginning in October 2007, and in every third month thereafter, the department of transportation shall submit a report to the legislative council in an electronic format under IC 5-14-6 and the governor describing the projects that the department of transportation has expended or encumbered money from the appropriation in the state fiscal year for MAJOR MOVES CONSTRUCTION PROGRAM (IC 8-14-14-5) Formal Contract Expense. The report must identify whether the project was listed in the department of transportation project priority list as that list existed on April 29, 2007, the extent to which the expenditures made for the project are consistent with the work

contemplated in the list, and any other information that is necessary or appropriate to determining whether expenditures are being made in accordance with the projects contemplated on April 29, 2007, for the year. In addition, the department of transportation shall make presentations to the legislative council or the interim study committee designated by the legislative council concerning the completion of projects from the appropriation, as requested by the legislative council or the committee. After submission of the reports required under this SECTION, the department may request the budget agency to augment the appropriation for Major Moves Construction Program – Formal Projects expense in an amount not to exceed \$50,000,000 for each year of the biennium.

SECTION 224. IC 4-12-13 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

Chapter 13. Review of Certain Contracts for Services

Sec. 1. As used in this chapter, "state agency" has the meaning set forth in IC 4-13-1-1(b).

Sec. 2. (a) This section applies only to a contract or an agreement:

- (1) that is first entered into by:
 - (A) a state agency; and
 - (B) a private contractor or private vendor; after June 30, 2007;
- (2) in which the initial term of the contract or agreement plus the term of any possible renewal or extension periods is at least four (4) years;
- (3) under which the amount to be paid by the state agency during the initial term of the contract or agreement plus the term of any possible renewal or extension periods:
 - (A) is at least ten million dollars (\$10,000,000); or
 - (B) is estimated by the state agency to be at least ten million dollars (\$10,000,000); and
- (4) under which the private contractor or private vendor will provide services that before the effective date of the contract or agreement are provided directly by the employees of the state agency.

(b) In addition to any other requirements that must be satisfied, a state agency may not enter into a contract or an agreement described in subsection (a) unless the following requirements are satisfied:

- (1) At least thirty (30) days before entering into the contract or agreement, the state agency must conduct at least one (1) public hearing on the contract or agreement. The state agency must allow public comments and testimony at the public hearing. The public hearing must be held in compliance with IC 5-14-1.5.
- (2) Either of the following occurs:
 - (A) At least thirty (30) days before the state agency enters into the contract or agreement, the budget committee makes a recommendation to the budget agency concerning the contract or agreement.
 - (B) The budget committee does not make a recommendation concerning the contract or agreement

within thirty (30) days after the chairman of the budget committee is requested by the budget agency to make a recommendation.

Sec. 3. (a) In addition to any other requirements that must be satisfied, a state agency may have the employees of the state agency directly provide services that are provided by a private contractor or private vendor under a contract or an agreement described in section 2(a) of this chapter only if the following requirements are satisfied:

- (1) At least thirty (30) days before the employees of the state agency begin directly providing the services, the state agency must conduct at least one (1) public hearing concerning the provision of the services by the employees of the state agency. The state agency must allow public comments and testimony at the public hearing. The public hearing must be held in compliance with IC 5-14-1.5.
- (2) Either of the following occurs:
 - (A) At least thirty (30) days before employees of the state agency begin directly providing services, the budget committee makes a recommendation to the budget agency concerning the provision of the services by the employees of the state agency.
 - (B) The budget committee does not make a recommendation concerning the provision of the services by the employees of the state agency within thirty (30) days after the chairman of the budget committee is requested by the budget agency to make a recommendation.

(b) A state agency is not required to comply with the requirements of subsection (a) if the director or other administrative head of the state agency declares that an emergency exists that requires the employees of the state agency to directly provide the services that were provided by a private contractor or private vendor.

SECTION 225. IC 6-1.1-21-10, AS AMENDED BY P.L.159-2006, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) There is established a property tax replacement fund board to consist of the commissioner of the department, the commissioner of the department of local government finance, the director of the budget agency, and two (2) ex officio nonvoting representatives of the general assembly of the state of Indiana. The speaker of the house of representatives shall appoint one (1) member of the house as one (1) of the ex officio nonvoting representatives, and the president pro tempore of the senate shall appoint one (1) senator as the other ex officio nonvoting representative, each to serve at the will of the appointing officer. The commissioner of the department shall be the chairman of the board, and the director of the budget agency shall be the secretary of the board.

(b) The schedule to be used after December 31, 2006, and before January 1, 2008, in making distributions to county treasurers during the periods set forth in section 4(b) of this chapter is as follows:

January	0.00%
February	0.00%

March	16.70%
April	16.70%
May	6.20%
June	0.00%
July	10.40%
August	0.00%
September	16.70%
October	16.70%
November	16.60%
December	0.00%

(c) The schedule to be used after December 31, 2007, and before January 1, 2009, in making distributions to county treasurers during the periods set forth in section 4(b) of this chapter is as follows:

January	0.00%
February	0.00%
March	16.70%
April	16.70%
May	11.40%
June	0.00%
July	5.20%
August	0.00%
September	16.70%
October	16.70%
November	16.60%
December	0.00%

(d) The schedule to be used after December 31, 2008, in making distributions to county treasurers during the periods set forth in section 4(b) of this chapter is as follows:

January	0.00%
February	0.00%
March	16.70%
April	16.70%
May	6.20% 16.70%
June	0.00%
July	10.40% 0.00%
August	0.00%
September	16.70%
October	16.70%
November	16.60%
December	0.00%

The board may authorize the department to distribute the estimated distributions to counties earlier than what is required under section 4(b) of this chapter.

(e) The board is also authorized to transfer funds from the property tax replacement fund for the purpose of providing state tuition support distributions to school corporations as provided in IC 20-20-33 and IC 20-43.

SECTION 226. IC 20-24-6-7, AS AMENDED BY P.L.2-2006, SECTION 105, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) A charter school ~~shall~~ **may** participate in **any of** the following:

- (1) The Indiana state teachers' retirement fund in accordance with IC 5-10.4.

- (2) The public employees' retirement fund in accordance with IC 5-10.3.

(3) Another employee pension or retirement fund.

(b) **Except as provided in subsection (e)**, a person who teaches in a charter school is a member of the Indiana state teachers' retirement fund. Service in a charter school is creditable service for purposes of IC 5-10.4.

(c) **Except as provided in subsection (e)**, a person who:

- (1) is a local school employee of a charter school; and
- (2) is not eligible to participate in the Indiana state teachers' retirement fund;

is a member of the public employees' retirement fund.

(d) The boards of the Indiana state teachers' retirement fund and the public employees' retirement fund shall implement this section through the organizer of the charter school, subject to and conditioned upon receiving any approvals either board considers appropriate from the Internal Revenue Service and the United States Department of Labor.

(e) Charter school employees may participate in a private pension or retirement program, if the organizer of the charter school offers the opportunity to participate in the program.

SECTION 227. IC 20-26-7-1, AS ADDED BY P.L.1-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) If a governing body of a school corporation determines that any real or personal property:

- (1) is no longer needed for school purposes; or
- (2) should, in the interests of the school corporation, be exchanged for other property;

the governing body may sell or exchange the property in accordance with IC 36-1-11.

(b) Money derived from the sale or exchange of property under this section shall be placed in any school fund:

- (1) established under applicable law; and
- (2) that the governing body considers appropriate.

(c) A governing body may not make a covenant that prohibits the sale of real property to another educational institution.

SECTION 228. IC 20-33-8.5-5, AS AMENDED BY P.L.2-2006, SECTION 156, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 5. The agreement must provide how the expenses of supervising a student who has been suspended or expelled are funded. A school corporation may not be required to expend more than the ~~target transition to foundation~~ **revenue per adjusted ADM** (as defined in ~~IC 20-43-1-26~~ **IC 20-43-1-29.3**) for each student referred under the agreement.

SECTION 229. IC 20-40-6-5, AS ADDED BY P.L.2-2006, SECTION 163, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) Subject to this chapter, the fund is the exclusive fund to be used by a school corporation for the payment of costs attributable to transportation.

~~(b) After June 30, 2005, and before July 1, 2007, a school corporation may budget for and pay costs attributable to transportation from the general fund:~~

- ~~(c) (b) Contracted transportation service costs transferred to the~~

school bus replacement fund under IC 20-40-7 are payable from the school bus replacement fund.

SECTION 230. IC 20-40-8-19, AS ADDED BY P.L.2-2006, SECTION 163, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 19. This section applies during the period beginning January 1, ~~2006~~; **2008**, and ending December 31, ~~2007~~; **2009**. Money in the fund may be used to pay for up to one hundred percent (100%) of the following costs of a school corporation:

- (1) Utility services.
- (2) Property or casualty insurance.
- (3) Both utility services and property or casualty insurance.

A school corporation's expenditures under this section may not exceed in ~~2006 two and seventy-five hundredths percent (2.75%) and in 2007 2008 and in 2009~~ three and five-tenths percent (3.5%) of the school corporation's 2005 calendar year distribution.

SECTION 231. IC 20-40-8-20, AS ADDED BY P.L.2-2006, SECTION 163, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 20. Money in the fund may be transferred to another fund and used as provided by law. The laws permitting a transfer of money from the fund include the following:

- (1) IC 20-20-10-5 (implementation of technology preparation task force).
- ~~(2) IC 20-40-6-8 (any fund for costs attributable to transportation);~~
- ~~(3) (2) IC 20-40-11-3 (repair and replacement fund).~~
- ~~(4) (3) IC 20-40-12-6 (self-insurance fund).~~
- ~~(5) (4) IC 20-49-4-22 (advance for educational technology program).~~

SECTION 232. IC 20-43-1-1, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. This article expires January 1, ~~2008~~; **2010**.

SECTION 233. IC 20-43-1-27, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 27. "Total ~~target revenue~~ **regular program tuition support**" refers to the amount determined under IC 20-43-6-3.

SECTION 234. IC 20-43-1-29.3 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: **Sec. 29.3. "Transition to foundation revenue per adjusted ADM" refers to the amount determined under IC 20-43-5-9.**

SECTION 235. IC 20-43-2-2, AS AMENDED BY P.L.162-2006, SECTION 42, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: Sec. 2. The maximum state distribution for a calendar year for all school corporations is:

- ~~(1) the greater of:~~
 - ~~(A) three billion eight hundred two million nine hundred thousand dollars (\$3,802,900,000); or~~
 - ~~(B) the amount necessary to enable the department of education to make tuition support distributions in 2006 in accordance with IC 21-1-30 and this article without~~

~~requiring a reduction in the amount distributed for tuition support under this section;~~

~~in 2006; and~~

- ~~(2) (1) three billion seven eight hundred forty-seven twelve million two five hundred thousand dollars (\$3,747,200,000) (\$3,812,500,000) in 2007;~~
- (2) three billion nine hundred sixty million nine hundred thousand dollars (\$3,960,900,000) in 2008; and**
- (3) four billion one hundred nineteen million six hundred thousand dollars (\$4,119,600,000) in 2009.**

SECTION 236. IC 20-43-2-3, AS AMENDED BY P.L.162-2006, SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. ~~(a) Except as provided in subsection (b);~~ If the total amount to be distributed:

- (1) as basic tuition support;
- (2) for academic honors diploma awards;
- (3) for primetime distributions;
- (4) for special education grants; and
- (5) for vocational education grants;

for a particular year exceeds the maximum state distribution for a calendar year, the amount to be distributed for state tuition support under this article to each school corporation during each of the last six (6) months of the year shall be proportionately reduced so that the total reductions equal the amount of the excess.

~~(b) The department of education shall distribute the full amount of tuition support to school corporations in the second six (6) months of 2006 in accordance with this article without a reduction under this section.~~

SECTION 237. IC 20-43-3-1, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 1. If a computation under this article results in a fraction and a rounding rule is not specified, the fraction shall be rounded as follows:

- (1) All tax rates shall be computed by rounding the rate to the nearest one-hundredth of a cent (\$0.0001).
- (2) All calculations related to the complexity index shall be computed by rounding to the nearest ten thousandth (0.0001).**
- ~~(2) (3) All tax levies and tuition support distributions shall be computed by rounding the levy or tuition support distribution to the nearest dollar (\$1) amount.~~
- ~~(3) All state tuition support distributions shall be computed by rounding the state tuition support distribution to the nearest cent (\$0.01).~~
- (4) The fraction calculated in IC 20-43-2-4 shall be computed by rounding to the nearest one millionth (0.000001).**
- ~~(4) (5) If a calculation is not covered by subdivision (1), (2), or (3), or (4), the result of the calculation shall be rounded to the nearest ten-thousandth (0.0001); one hundredth (0.01).~~

SECTION 238. IC 20-43-3-4, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 4. (a) A school corporation's previous year revenue equals the amount determined

under STEP TWO of the following formula:

STEP ONE: Determine the sum of the following:

- (A) The school corporation's basic tuition support for the year that precedes the current year.
- (B) The school corporation's maximum permissible tuition support levy for the calendar year that precedes the current year, made in determining the school corporation's adjusted tuition support levy for the calendar year.
- (C) The school corporation's excise tax revenue for the year that precedes the current year by two (2) years.

STEP TWO: Subtract from the STEP ONE result an amount equal to the ~~sum of the following:~~

- ~~(A) The reduction in the school corporation's state tuition support under any combination of subsection (b), subsection (c), IC 20-10.1-2-1 (before its repeal), or IC 20-30-2-4.~~
- ~~(B) In 2006, the amount of the school corporation's maximum permissible tuition support levy attributable to the levy transferred from the school corporation's general fund to the school corporation's referendum tax levy fund under IC 20-46-1-6.~~

(b) A school corporation's previous year revenue must be reduced if:

- (1) the school corporation's state tuition support for special or vocational education is reduced as a result of a complaint being filed with the department after December 31, 1988, because the school program overstated the number of children enrolled in special or vocational education programs; and
- (2) the school corporation's previous year revenue has not been reduced under this subsection more than one (1) time because of a given overstatement.

The amount of the reduction equals the amount the school corporation would have received in state tuition support for special and vocational education because of the overstatement.

(c) A school corporation's previous year revenue must be reduced if an existing elementary or secondary school located in the school corporation converts to a charter school under IC 20-5.5-11 before July 1, 2005, or IC 20-24-11 after June 30, 2005. The amount of the reduction equals the product of:

- (1) the sum of the amounts distributed to the conversion charter school under IC 20-5.5-7-3.5(c) and IC 20-5.5-7-3.5(d) before July 1, 2005, and IC 20-24-7-3(c) and IC 20-24-7-3(d) after June 30, 2005; multiplied by
- (2) two (2).

SECTION 239. IC 20-43-4-6, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 6. (a) In determining ADM, each pupil enrolled in a public school and a nonpublic school is to be counted on a full-time equivalency basis if the pupil:

- (1) is enrolled in a public school and a nonpublic school;
- (2) has legal settlement in a school corporation; and
- (3) receives instructional services from the school corporation.

(b) For purposes of this section, full-time equivalency is calculated as follows:

STEP ONE: Determine the result of:

- (A) the number of days instructional services will be provided to the pupil, not to exceed one hundred eighty (180); divided by
- (B) one hundred eighty (180).

STEP TWO: Determine the result of:

- (A) the pupil's public school instructional time (as defined in IC 20-30-2-1); ~~rounded to the nearest one-hundredth (0.01);~~ divided by
- (B) the actual public school regular instructional day (as defined in IC 20-30-2-2). ~~rounded to the nearest one-hundredth (0.01);~~

STEP THREE: Determine the result of:

- (A) the STEP ONE result; multiplied by
- (B) the STEP TWO result.

STEP FOUR: Determine the lesser of one (1) or the result of:

- (A) the STEP THREE result; multiplied by
- (B) one and five hundredths (1.05).

~~(c) If the computation for a pupil under subsection (b) results in a fraction, the fraction must be rounded to the nearest one-hundredth (0.01).~~

SECTION 240. IC 20-43-4-7, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 7. (a) This subsection does not apply to a charter school. When calculating adjusted ADM for ~~2006~~ **2008** distributions, this subsection, as effective after December 31, ~~2005~~, **2007**, shall be used to calculate the adjusted ADM for the previous year rather than the calculation used to calculate adjusted ADM for ~~2005~~ **2007** distributions. For purposes of this article, a school corporation's "adjusted ADM" for the current year is the result determined under the following formula:

STEP ONE: Determine the sum of the following:

- (A) The school corporation's ADM for the year preceding the current year by four (4) years multiplied by two-tenths (0.2).
- (B) The school corporation's ADM for the year preceding the current year by three (3) years multiplied by two-tenths (0.2).
- (C) The school corporation's ADM for the year preceding the current year by two (2) years multiplied by two-tenths (0.2).
- (D) The school corporation's ADM for the year preceding the current year by one (1) year multiplied by two-tenths (0.2).
- (E) The school corporation's ADM for the current year multiplied by two-tenths (0.2).

~~Round the result to the nearest five-tenths (0.5).~~

STEP TWO: Determine the ~~sum of:~~

- ~~(A) the school corporation's ADM for the year preceding the current year; plus~~
- ~~(B) the product of:~~
 - ~~(i) the school corporation's ADM for the current year. minus the clause (A) amount; multiplied by~~
 - ~~(ii) seventy-five hundredths (0.75).~~

Round the result to the nearest five-tenths (0.5):

STEP THREE: Determine the greater of the following:

- (A) The STEP ONE result.
- (B) The STEP TWO result.

(b) A charter school's adjusted ADM for purposes of this article is the charter school's current ADM.

SECTION 241. IC 20-43-5-1, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. A school corporation's **target transition to foundation** revenue per **adjusted** ADM for a calendar year is the amount determined under section 9 of this chapter.

SECTION 242. IC 20-43-5-2, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 2. The following amounts must be determined under this chapter to calculate a school corporation's **target transition to foundation** revenue per **adjusted** ADM for a calendar year:

- (1) The school corporation's complexity index for the calendar year under section 3 of this chapter.
- (2) The school corporation's foundation amount for the calendar year under section 4 of this chapter.
- (3) The school corporation's previous year revenue foundation amount for the calendar year under section 5 of this chapter.
- (4) The school corporation's transition to foundation amount for the calendar year under section 6 of this chapter.
- (5) The school corporation's transition to foundation revenue for the calendar year under section 7 of this chapter.
- (6) The school corporation's guaranteed minimum revenue for the calendar year under section 8 of this chapter.

SECTION 243. IC 20-43-5-3, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) ~~This subsection does not apply to a charter school.~~ A school corporation's complexity index is determined under the following formula:

STEP ONE: ~~Determine the greater of zero (0) or the result of the following:~~

- (1) ~~Determine the percentage of the population in the school corporation who are at least twenty-five (25) years of age with less than a twelfth grade education.~~
- (2) ~~Determine the quotient of:~~
 - (A) ~~one thousand nineteen dollars (\$1,019); divided by~~
 - (B) ~~four thousand five hundred seventeen dollars (\$4,517) in 2006 and four thousand five hundred sixty-three dollars (\$4,563) in 2007.~~
- (3) ~~Determine the product of:~~
 - (A) ~~the subdivision (1) amount; multiplied by~~
 - (B) ~~the subdivision (2) amount.~~

STEP TWO: **ONE:** Determine the greater of zero (0) or the result of the following:

- (1) Determine the percentage of the school corporation's students who were eligible for free **or reduced price** lunches in the school year ending in ~~2005: the later of 2007 or the first year of operation of the school~~

corporation.

(2) Determine the quotient of **the following:**

(A) ~~one thousand two hundred sixty dollars (\$1,260); in 2008:~~

(i) ~~two thousand two hundred fifty dollars (\$2,250); divided by~~

(ii) ~~four thousand seven hundred ninety dollars (\$4,790);~~

~~divided by and~~

(B) ~~four thousand five hundred seventeen dollars (\$4,517) in 2006 and four thousand five hundred sixty-three dollars (\$4,563) in 2007: in 2009:~~

(i) ~~two thousand four hundred dollars (\$2,400); divided by~~

(ii) ~~four thousand eight hundred twenty-five dollars (\$4,825).~~

(3) Determine the product of:

(A) the subdivision (1) amount; multiplied by

(B) the subdivision (2) amount.

STEP THREE: ~~Determine the greater of zero (0) or the result of the following:~~

(1) ~~Determine the percentage of the school corporation's students who were classified as limited English proficient in the school year ending in 2005:~~

(2) ~~Determine the quotient of:~~

- (A) ~~four hundred fifty-two dollars (\$452); divided by~~
- (B) ~~four thousand five hundred seventeen dollars (\$4,517) in 2006 and four thousand five hundred sixty-three dollars (\$4,563) in 2007.~~

(3) ~~Determine the product of:~~

(A) ~~the subdivision (1) amount; multiplied by~~

(B) ~~the subdivision (2) amount.~~

STEP FOUR: ~~Determine the greater of zero (0) or the result of the following:~~

(1) ~~Determine the percentage of families in the school corporation with a single parent:~~

(2) ~~Determine the quotient of:~~

- (A) ~~five hundred fifty-seven dollars (\$557); divided by~~
- (B) ~~four thousand five hundred seventeen dollars (\$4,517) in 2006 and four thousand five hundred sixty-three dollars (\$4,563) in 2007.~~

(3) ~~Determine the product of:~~

(A) ~~the subdivision (1) amount; multiplied by~~

(B) ~~the subdivision (2) amount.~~

STEP FIVE: ~~Determine the greater of zero (0) or the result of the following:~~

(1) ~~Determine the percentage of families in the school corporation with children who are less than eighteen (18) years of age and who have a family income level below the federal income poverty level (as defined in IC 12-15-2-1):~~

(2) ~~Determine the quotient of:~~

- (A) ~~three hundred forty-seven dollars (\$347); divided by~~
- (B) ~~four thousand five hundred seventeen dollars (\$4,517) in 2006 and four thousand five hundred sixty-three dollars (\$4,563) in 2007.~~

~~(3)~~ Determine the product of:

(A) the subdivision (1) amount, multiplied by

~~(B)~~ the subdivision (2) amount:

~~STEP SIX:~~ Determine the sum of the results in ~~STEP ONE~~ through ~~STEP FIVE~~:

~~STEP SEVEN:~~ **TWO:** Determine the result of one (1) plus the ~~STEP SIX ONE~~ result.

~~STEP EIGHT:~~ **THREE:** This STEP applies if the ~~STEP SEVEN TWO~~ result is equal to or greater than **at least one and twenty-five hundredths (1.25)**. Determine the result of the following:

(1) Subtract one and twenty-five hundredths (1.25) from the ~~STEP SEVEN TWO~~ result.

~~(2)~~ Multiply the subdivision (1) result by ~~five-tenths (0.5)~~:

~~(3)~~ **(2)** Determine the result of:

(A) the ~~STEP SEVEN TWO~~ result; plus

(B) the subdivision ~~(2)~~ **(1)** result.

The data to be used in making the calculations under ~~STEP ONE~~ ~~STEP FOUR~~, and ~~STEP FIVE~~ of this subsection must be the data ~~from the 2000 federal decennial census, collected in the annual pupil enrollment count by the department.~~

~~(b)~~ A charter school's complexity index is the index determined under subsection (a) for the school corporation in which the charter school is located; However, the complexity index for Campagna Academy Charter School is the complexity index determined under subsection (a) for Gary Community School Corporation:

SECTION 244. IC 20-43-5-4, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 4. A school corporation's foundation amount for a calendar year is the result determined under ~~STEP TWO~~ of the following formula:

~~STEP ONE:~~ Determine:

~~(A)~~ four thousand five hundred seventeen dollars (\$4,517) in 2006; or

~~(B)~~ four thousand five hundred sixty-three dollars (\$4,563) in 2007:

(A) in 2008, four thousand seven hundred ninety dollars (\$4,790); or

(B) in 2009, four thousand eight hundred twenty-five dollars (\$4,825).

~~STEP TWO:~~ Multiply the ~~STEP ONE~~ amount by the school corporation's complexity index.

SECTION 245. IC 20-43-5-6, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 6. A school corporation's transition to foundation amount for a calendar year is equal to the result determined under ~~STEP THREE~~ of the following formula:

~~STEP ONE:~~ Determine the difference of:

(A) the school corporation's foundation amount; minus

(B) the school corporation's previous year revenue foundation amount.

~~STEP TWO:~~ Divide the ~~STEP ONE~~ result by:

(A) ~~six (6)~~ **four (4)** in 2006; 2008; or

(B) ~~five (5)~~ **three (3)** in 2007; 2009.

~~STEP THREE:~~ A school corporation's ~~STEP THREE~~ amount is the following:

(A) For a charter school **located outside Marion County** that has previous year revenue that is not greater than zero (0), the charter school's ~~STEP THREE~~ amount is the quotient of:

(i) the school corporation's ~~guaranteed minimum transition to foundation~~ revenue for the calendar year where the charter school is located; divided by

(ii) the school corporation's current ADM.

(B) For a charter school located in Marion County that has previous year revenue that is not greater than zero (0), the charter school's STEP THREE amount is the weighted average of the transition to foundation revenue for the school corporations where the students counted in the current ADM of the charter school have legal settlement, as determined under item (iv) of the following formula:

(i) Determine the transition to foundation revenue for each school corporation where a student counted in the current ADM of the charter school has legal settlement.

(ii) For each school corporation identified in item (i), divide the item (i) amount by the school corporation's current ADM.

(iii) For each school corporation identified in item (i), multiply the item (ii) amount by the number of students counted in the current ADM of the charter school that have legal settlement in the particular school corporation.

(iv) Determine the sum of the item (iii) amounts for the charter school.

~~(B)~~ **(C)** The ~~STEP THREE~~ amount for a school corporation that is not a charter school described in clause (A) **or (B)** is the following:

(i) The school corporation's foundation amount for the calendar year, if the ~~absolute value of the STEP ONE amount is less at least negative fifty dollars (-\$50) and not more than or equal to fifty one hundred dollars (\$50).~~ **(\$100).**

(ii) For ~~2007, 2009~~, the school corporation's foundation amount for the calendar year, if the foundation amount in ~~2006 2008~~ equaled the school corporation's ~~target transition to foundation~~ revenue per ~~adjusted~~ ADM in ~~2006: 2008~~.

(iii) The sum of the school corporation's previous year revenue foundation amount and the greater of the school corporation's ~~STEP TWO~~ amount or ~~fifty one hundred dollars (\$50); (\$100)~~, if the school corporation's ~~STEP ONE~~ amount is greater than ~~fifty one hundred dollars (\$50); (\$100)~~.

(iv) The difference determined by subtracting ~~the greater of the absolute value of the school corporation's STEP TWO amount or~~ fifty dollars (\$50) from the school

corporation's previous year revenue foundation amount, if the school corporation's STEP ONE amount is less than negative fifty dollars (-\$50).

SECTION 246. IC 20-43-5-7, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 7. A school corporation's transition to foundation revenue for a calendar year is equal to **the sum of the following:**

(1) The product of:

(1) **(A)** the school corporation's transition to foundation amount for the calendar year; multiplied by

(2) **(B)** the school corporation's:

(i) **current ADM, if the current ADM for the school corporation is less than one hundred (100); and**

(ii) **current adjusted ADM, if item (i) does not apply.**

(2) **Either:**

(A) **the result of:**

(i) **one hundred dollars (\$100) for calendar year 2008 and one hundred fifty dollars (\$150) for calendar year 2009; multiplied by**

(ii) **the school corporation's adjusted ADM;**

if the school corporation's current ADM is less than three thousand and six hundred (3,600) and the amount determined under subdivision (1) is less than the school corporation's previous year revenue; or

(B) **the result of:**

(i) **one hundred dollars (\$100) for calendar year 2008 and one hundred fifty dollars (\$150) for calendar year 2009; multiplied by**

(ii) **the school corporation's adjusted ADM;**

if clause (A) does not apply and the result of the amount under subdivision (1) is less than the result of school corporation's previous year revenue multiplied by nine hundred sixty-five thousandths (0.965).

(C) **The school corporation's current adjusted ADM multiplied by the lesser of:**

(i) **one hundred dollars (\$100); or**

(ii) **the school corporation's STEP TWO amount under section 6 of this chapter;**

if clauses (A) and (B) do not apply, the amount under subdivision (1) is less than the school corporation's previous year revenue, and the school corporation's result under STEP ONE of section 6 of this chapter is greater than zero (0).

(D) **Zero (0), if clauses (A), (B), and (C) do not apply; and**

(3) **This subdivision does not apply to a charter school. Either:**

(A) **three hundred dollars (\$300) multiplied by the school corporation's current ADM, if the school corporation's current ADM is less than one thousand seven hundred (1,700) and the school corporation's complexity index is greater than one and two-tenths (1.2);**

(B) **one hundred dollars (\$100) multiplied by the school**

corporation's current ADM, if the school corporation's current ADM is less than one thousand seven hundred (1,700) and the school corporation's complexity index is greater than one and one-tenth (1.1) and not greater than one and two-tenths (1.2); or
(C) **zero (0), if clauses (A) and (B) do not apply.**

SECTION 247. IC 20-43-5-9, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 9. A school corporation's **target transition to foundation** revenue per **adjusted** ADM for a calendar year is the quotient of:

(1) the school corporation's ~~guaranteed minimum transition to foundation~~ revenue for the calendar year; divided by

(2) the school corporation's current adjusted ADM.

SECTION 248. IC 20-43-6-2, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 2. The following amounts must be determined under this chapter to determine a school corporation's basic tuition support:

(1) The school corporation's total ~~target revenue~~ **regular program tuition support** under section 3 of this chapter.

(2) The school corporation's local contribution under section 4 of this chapter.

SECTION 249. IC 20-43-6-3, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) A school corporation's total ~~target revenue~~ **regular program tuition support** for a calendar year is the amount determined under the applicable provision of this section.

(b) This subsection applies to a school corporation that has ~~target transition to foundation~~ revenue per **adjusted** ADM for a calendar year that is not equal to the school corporation's foundation amount for the calendar year. The school corporation's total ~~target revenue~~ **regular program tuition support** for a calendar year is equal to the school corporation's ~~guaranteed minimum transition to foundation~~ revenue for the calendar year.

(c) This subsection applies to a school corporation that has ~~target transition to foundation~~ revenue per **adjusted** ADM for a calendar year that is equal to the school corporation's foundation amount for the calendar year. The school corporation's total ~~target revenue~~ **regular program tuition support** for a calendar year is the sum of the following:

(1) The school corporation's foundation amount for the calendar year multiplied by the school corporation's adjusted ADM for the current year.

(2) The amount of the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years.

(3) The part of the school corporation's maximum permissible tuition support levy for the year that equals the original amount of the levy imposed by the school corporation to cover the costs of opening a new school facility or reopening an existing facility during the preceding year.

SECTION 250. IC 20-43-6-4, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 4. (a) A school corporation's local contribution for a calendar year is the amount determined under the applicable provision of this section.

(b) This subsection applies to a school corporation that is not a charter school. Determine the sum of the following:

- (1) The school corporation's adjusted tuition support levy.
- (2) The school corporation's excise tax revenue for the year that precedes the current year by one (1) year.

(c) This subsection applies to a charter school. Determine the product of:

- (1) the charter school's ~~guaranteed minimum transition to foundation~~ revenue for the calendar year; multiplied by
- (2) thirty-five hundredths (0.35).

SECTION 251. IC 20-43-6-5, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 5. A school corporation's basic tuition support for a calendar year is the difference between:

- (1) the school corporation's total ~~target revenue regular program tuition support~~ for the calendar year; minus
- (2) the school corporation's local contribution for the calendar year.

SECTION 252. IC 20-43-7-6, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 6. A school corporation's special education grant for a calendar year is equal to the sum of the following:

- (1) The nonduplicated count of pupils in programs for severe disabilities multiplied by:

- (A) in 2008, eight thousand ~~two three hundred forty-six~~ dollars (~~\$8,246~~); **(\$8,300); and**
- (B) in 2009, **eight thousand three hundred fifty dollars (\$8,350).**

- (2) The nonduplicated count of pupils in programs of mild and moderate disabilities multiplied by:

- (A) in 2008, two thousand two hundred ~~thirty-eight~~ fifty dollars (~~\$2,238~~); **(\$2,250); and**
- (B) in 2009, **two thousand two hundred sixty-five dollars (\$2,265).**

- (3) The duplicated count of pupils in programs for communication disorders multiplied by:

- (A) in 2008, five hundred thirty-one dollars (\$531); **and**
- (B) in 2009, **five hundred thirty-three dollars (\$533).**

- (4) The cumulative count of pupils in homebound programs multiplied by:

- (A) in 2008, five hundred thirty-one dollars (\$531); **and**
- (B) in 2009, **five hundred thirty-three dollars (\$533).**

SECTION 253. IC 20-43-9-4, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 4. For purposes of computation under this chapter, the following shall be used:

- (1) The staff cost amount for a school corporation:
 - (A) in 2008, is ~~sixty-nine~~ **seventy-two** thousand ~~eight~~

~~hundred eleven~~ dollars (~~\$69,811~~); **(\$72,000); and**
(B) in 2009, is seventy-four thousand five hundred dollars (\$74,500).

(2) The guaranteed primetime amount for a school corporation is the primetime allocation, before any penalty is assessed under this chapter, that the school corporation would have received under this chapter for the 1999 calendar year or the first year of participation in the program, whichever is later.

(3) The following apply to determine whether amounts received under this chapter have been devoted to reducing class size in kindergarten through grade 3 as required by section 2 of this chapter:

(A) Except as permitted under section 8 of this chapter, only a licensed teacher who is an actual classroom teacher in a regular instructional program is counted as a teacher.

(B) If a school corporation is granted approval under section 8 of this chapter, the school corporation may include as one-third (1/3) of a teacher each classroom instructional aide who meets qualifications and performs duties prescribed by the state board.

SECTION 254. IC 20-43-9-6, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 6. A school corporation's primetime distribution for a calendar year under this chapter is the amount determined by the following formula:

STEP ONE: Determine the applicable target pupil/teacher ratio for the school corporation as follows:

(A) If the school corporation's complexity index is less than one and one-tenth (1.1), the school corporation's target pupil/teacher ratio is eighteen to one (18:1).

(B) If the school corporation's complexity index is at least one and one-tenth (1.1) but less than one and two-tenths (1.2), the school corporation's target pupil/teacher ratio is fifteen (15) plus the result determined in item (iii) to one (1):

- (i) Determine the result of one and two-tenths (1.2) minus the school corporation's complexity index.
- (ii) Determine the item (i) result divided by one-tenth (0.1).
- (iii) Determine the item (ii) result multiplied by three (3).

(C) If the school corporation's complexity index is at least one and two-tenths (1.2), the school corporation's target pupil/teacher ratio is fifteen to one (15:1).

STEP TWO: Determine the result of:

- (A) the ADM of the school corporation in kindergarten through grade 3 for the current school year; divided by
- (B) the school corporation's applicable target pupil/teacher ratio, as determined in STEP ONE.

STEP THREE: Determine the result of:

- (A) the total ~~target revenue regular program tuition support~~ for ~~2006 and 2007~~ **the year** multiplied by seventy-five hundredths (0.75); divided by
- (B) the school corporation's total ADM.

STEP FOUR: Determine the result of:

- (A) the STEP THREE result; multiplied by
- (B) the ADM of the school corporation in kindergarten through grade 3 for the current school year.

STEP FIVE: Determine the result of:

- (A) the STEP FOUR result; divided by
- (B) the staff cost amount.

STEP SIX: Determine the greater of zero (0) or the result of:

- (A) the STEP TWO amount; minus
- (B) the STEP FIVE amount.

STEP SEVEN: Determine the result of:

- (A) the STEP SIX amount; multiplied by
- (B) the staff cost amount.

STEP EIGHT: Determine the greater of the STEP SEVEN amount or the school corporation's guaranteed primum amount.

STEP NINE: A school corporation's amount under this STEP is the following:

- (A) If the amount the school corporation received under this chapter in the previous calendar year is greater than zero (0), the amount under this STEP is the lesser of:
 - (i) the STEP EIGHT amount; or
 - (ii) the amount the school corporation received under this chapter for the previous calendar year multiplied by one hundred seven and one-half percent (107.5%).
- (B) If the amount the school corporation received under this chapter in the previous calendar year is not greater than zero (0), the amount under this STEP is the STEP EIGHT amount.

SECTION 255. IC 20-45-1-17, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 17. "Previous year property tax rate" means is the result determined under the following formula:

STEP ONE: Determine the sum of the following:

- (A) The ~~part of the~~ school corporation's previous year ~~general fund property tax rate:~~
~~(1) imposed as a~~ tuition support levy under IC 6-1.1-19-1.5 (before its repeal) or IC 20-45-3-11. ~~and~~
~~(2) computed before making~~ (B) Any of the reductions described in IC 21-3-1.7-5 (before its repeal, for computations before July 1, 2006) or required to compute the school corporation's adjusted tuition support levy (for computations after June 30, 2006).

STEP TWO: Divide the assessed value of taxable property in the school corporation by one hundred (100).

STEP THREE: Divide the STEP ONE result by the STEP TWO result.

SECTION 256. IC 20-45-1-21.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 21.3. "Total regular program tuition support" has the meaning set forth in IC 20-43-1-27.

SECTION 257. IC 20-45-1-21.5 IS ADDED TO THE INDIANA

CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 21.5. "Transition to foundation revenue" has the meaning set forth in IC 20-43-1-29.

SECTION 258. IC 20-45-1-21.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 21.7. "Transition to foundation revenue per adjusted ADM" has the meaning set forth in IC 20-43-1-29.3.

SECTION 259. IC 20-45-3-5, AS AMENDED BY P.L.162-2006, SECTION 45, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 5. (a) A school corporation's tax rate floor is the tax rate determined under this section.

(b) ~~This subsection applies only if~~ The school corporation's ~~guaranteed minimum revenue for the calendar year is not equal to the school corporation's foundation amount revenue for a calendar year.~~ The school corporation's tax rate floor for the calendar year is the result under STEP SIX of the following formula:

STEP ONE: Divide the school corporation's total assessed value by the school corporation's current ADM.

STEP TWO: Divide the STEP ONE result by ten thousand (10,000).

STEP THREE: Determine the greater of the following:

- (A) The STEP TWO result.
- (B) ~~Thirty-six~~ **Forty-six** dollars and thirty cents (\$36.30): **(\$46).**

STEP FOUR: Determine the result under clause (B):

- (A) Subtract the school corporation's foundation amount revenue for the calendar year from the school corporation's ~~guaranteed minimum revenue total regular program~~ **tuition support** for the calendar year.
- (B) Divide the clause (A) result by the school corporation's current ADM.

(B) Divide the clause (A) result by the school corporation's current ADM.

STEP FIVE: Divide the STEP FOUR result by the STEP THREE result.

STEP SIX: Divide the STEP FIVE result by one hundred (100).

(c) ~~This subsection applies only if the school corporation's guaranteed minimum revenue for the calendar year is equal to the school corporation's foundation amount revenue for a calendar year and the STEP ONE result is greater than zero (0).~~ The school corporation's tax rate floor for the calendar year is the result under STEP SEVEN of the following formula:

STEP ONE: Add the following:

- (A) An amount equal to the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years:
- (B) The part of the unadjusted tuition support levy for the year that equals the original amount of the levy imposed by the school corporation to cover the costs of opening a new school facility during the preceding year:

STEP TWO: Divide the STEP ONE result by the school

corporation's current ADM.

STEP THREE: Divide the school corporation's total assessed value by the school corporation's current ADM.

STEP FOUR: Divide the STEP THREE result by ten thousand (10,000).

STEP FIVE: Determine the greater of the following:

(A) The STEP FOUR result.

(B) Thirty-six dollars and thirty cents (\$36.30).

STEP SIX: Divide the STEP TWO result by the STEP FIVE amount.

STEP SEVEN: Divide the STEP SIX result by one hundred (100).

SECTION 260. IC 20-45-3-6, AS AMENDED BY P.L.162-2006, SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 6. (a) A school corporation's target property tax rate for a calendar year is the sum of:

(1) in:

(A) 2006, ~~seventy-two cents (\$0.72)~~; and

(B) 2007, the greater of:

(i) ~~seventy-two and ninety-two hundredths cents (\$0.7292)~~; or

(ii) the rate determined under subsection (b);

(A) 2008, **seventy-one and thirty-five hundredths cents (\$0.7135)**; or

(B) 2009, **seventy-two and eighty-three hundredths cents (\$0.7283)**; plus

(2) if applicable, the school corporation's minimum equalization tax rate.

(b) If using the best information available to the department of local government finance, the department of local government finance determines that the **absolute value of the** result of:

(1) the lesser of:

(A) two billion ~~thirty-five one hundred twenty-four million nine one hundred thousand dollars (\$2,035,900,000)~~ **(\$2,124,100,000)**; or

(B) the result of:

(i) the sum of the tuition support levies certified by the department of local government finance for all school corporations for ~~2006; 2007~~; multiplied by

(ii) one and ~~forty-one thousandths (1.041)~~; **three hundred ninety-one ten-thousandths (1.0391)**; minus

(2) the sum of all maximum permissible tuition support levies for all school corporations in ~~2007; 2008~~, **excluding the part of the maximum permissible tuition support levy imposed that is equal to the original amount of the levy that was first imposed by the school corporation in 2008 to cover the costs of operating a new school facility or reopening an existing facility during a preceding calendar year, as determined by using the tax rate specified in subsection (a)(1)(B)(i); subsection (a)(1)(A)**;

would exceed one million dollars (\$1,000,000) in ~~2007; 2008~~, the department of local government finance, shall, before February 16, ~~2007; 2008~~, adjust the tax rate used in subsection ~~(a)(1)(B)~~

(a)(1)(A) for ~~2007 2008~~ so that the **absolute value of the** difference determined by subtracting the sum of all maximum permissible tuition support levies (~~as defined in IC 20-45-1-15~~) for all school corporations determined by using the adjusted tax rate from the amount determined under subdivision (1) does not exceed one million dollars (\$1,000,000). To carry out this subsection the department of local government finance may increase a school corporation's tax rate and levy to a rate and amount that exceeds the rate originally advertised or fixed by the school corporation. Before adjusting a tax rate under this subsection, the department of local government finance shall review the recommendations of the department of education and the budget agency.

(c) **If, using the best information available to the department of local government finance, the department of local government finance determines that the absolute value of the result of:**

(1) the lesser of:

(A) **two billion two hundred five million five hundred thousand dollars (\$2,205,500,000)**; or

(B) the result of:

(i) the sum of the tuition support levies certified by the department of local government finance for all school corporations for 2008, excluding the part of the tuition support levies imposed by the school corporation that is equal to the original amount of the levy that was first imposed by the school corporation in 2008 to cover the costs of operating a new school facility or reopening an existing facility in a preceding calendar year; multiplied by

(ii) **one and three hundred eighty-three ten-thousandths (1.0383)**; minus

(2) the sum of all maximum permissible tuition support levies for all school corporations in 2009, excluding the part of the maximum permissible tuition support levy that is equal to the original amount of the levy that was first imposed by the school corporation in 2008 or 2009 to cover the costs of operating a new school facility or reopening an existing facility during a preceding calendar year, as determined by using the tax rate specified in subsection (a)(1)(B);

would exceed one million dollars (\$1,000,000) in 2009, the department of local government finance, shall, before February 16, 2009, adjust the tax rate used in subsection (a)(1)(B) for 2009 so that the absolute value of the difference determined by subtracting the sum of all maximum permissible tuition support levies for all school corporations determined by using the adjusted tax rate from the amount determined under subdivision (1) does not exceed one million dollars (\$1,000,000). To carry out this subsection, the department of local government finance may increase a school corporation's tax rate and levy to a rate and amount that exceeds the rate originally advertised or fixed by the school corporation. Before adjusting a tax rate under this subsection, the department of local government finance shall review the recommendations of

the department of education and the budget agency.

SECTION 261. IC 20-45-3-9, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 9. (a) A school corporation's equalization tax rate for a calendar year is the tax rate determined under this section.

(b) If the school corporation's adjusted target property tax rate exceeds the school corporation's previous year property tax rate, the school corporation's equalization tax rate for a calendar year is the school corporation's previous year property tax rate after increasing the rate by the lesser of:

(1) the school corporation's equalization tax rate limit for the calendar year; or

(2) **in:**

(A) 2008, two cents (\$0.02); and

(B) 2009, three cents (\$0.03).

(c) If the school corporation's adjusted target property tax rate is less than the school corporation's previous year property tax rate, the school corporation's equalization tax rate for a calendar year is the school corporation's previous year property tax rate after reducing the rate by the lesser of:

(1) the absolute value of the school corporation's equalization tax rate limit; or

(2) **eight five cents (\$0.08); (\$0.05).**

(d) If the school corporation's adjusted target property tax rate equals the school corporation's previous year property tax rate, the school corporation's equalization tax rate for a calendar year is the school corporation's adjusted target property tax rate.

SECTION 262. IC 20-45-3-11, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 11. A school corporation's tuition support levy for a calendar year is the sum of the following:

(1) The school corporation's equalized levy for the calendar year.

(2) An amount equal to the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years.

(3) The part of the maximum permissible tuition support levy for the year that equals the original amount of the levy by the school corporation to cover the costs of opening a new school facility or reopening an existing facility during the preceding year.

(4) The amount determined under STEP FOUR of the following formula:

STEP ONE: Determine the ~~target transition to foundation~~ revenue per **adjusted** ADM for each charter school that included at least one (1) student who has legal settlement in the school corporation in the charter school's current ADM.

STEP TWO: For each charter school, multiply the STEP ONE amount by the number of students who have legal settlement in the school corporation and who are included in the charter school's current ADM.

STEP THREE: Determine the sum of the STEP TWO amounts.

STEP FOUR: Multiply the STEP THREE amount by thirty-five hundredths (0.35).

SECTION 263. IC 20-46-4-6, AS ADDED BY P.L.2-2006, SECTION 169, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 6. The levy may not exceed

~~(1)~~ the amount determined by multiplying:

~~(A)~~ **(1)** the school corporation's levy for the fund for the previous year under IC 21-2-11.5 (before its repeal) or this chapter, as that levy was determined by the department of local government finance in fixing the civil taxing unit's budget, levy, and rate for that preceding calendar year under IC 6-1.1-17 and after eliminating the effects of temporary excessive levy appeals and any other temporary adjustments made to the levy for the calendar year; by

~~(B)~~ **(2)** the assessed value growth quotient determined under IC 6-1.1-18.5-2. ~~plus~~

~~(2) in 2006 and 2007, the amount determined under section 9 of this chapter.~~

SECTION 264. IC 20-46-5-12 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. (a) **If:**

(1) a school corporation enters into a lease agreement with the Indiana bond bank for the lease of one (1) or more school buses under IC 5-1.5-4-1(a)(5);

(2) the lease agreement conforms with the school corporation's ten (10) year school bus replacement plan approved by the department of local government finance under section 9 of this chapter; and

(3) in the first full fiscal year after the effective date of the lease agreement, there would otherwise be a reduction in the levy in an amount equal to the difference between the total purchase price of the bus or buses and the total rental payment due under the lease agreement;

the levy in that fiscal year may not be reduced by the amount of the reduction.

(b) Any or all of the amount of that part of the levy may, on or before the end of the year of its collection, be:

(1) retained in the fund;

(2) transferred to the school transportation fund established under IC 20-40-6-4; or

(3) transferred to the capital projects fund established under IC 20-40-8-6.

SECTION 265. IC 20-49-1-3, AS ADDED BY P.L.2-2006, SECTION 172, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. ~~"Target "~~**Transition to foundation** revenue per **adjusted** ADM" has the meaning set forth in ~~IC 20-43-1-26. IC 20-43-1-29.3.~~

SECTION 266. IC 20-49-7-10, AS ADDED BY P.L.2-2006, SECTION 172, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 10. The amount of an advance for operational costs may not exceed the amount determined under STEP THREE of the following formula:

STEP ONE: Determine the product of:

- (A) the charter school's enrollment reported under IC 20-24-7-2(a); multiplied by
- (B) the charter school's **target transition to foundation** revenue per **adjusted** ADM.

STEP TWO: Determine the quotient of:

- (A) the STEP ONE amount; divided by
- (B) two (2).

STEP THREE: Determine the product of:

- (A) the STEP TWO amount; multiplied by
- (B) one and fifteen-hundredths (1.15).

SECTION 267. IC 20-49-7-11, AS ADDED BY P.L.2-2006, SECTION 172, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 11. The amount of an advance for operational costs may not exceed the amount determined under STEP FOUR of the following formula:

STEP ONE: Determine the quotient of:

- (A) the charter school's **target transition to foundation** revenue per **adjusted** ADM; divided by
- (B) two (2).

STEP TWO: Determine the difference between:

- (A) the charter school's current ADM; minus
- (B) the charter school's ADM of the previous year.

STEP THREE: Determine the product of:

- (A) the STEP ONE amount; multiplied by
- (B) the STEP TWO amount.

STEP FOUR: Determine the product of:

- (A) the STEP THREE amount; multiplied by
- (B) one and fifteen-hundredths (1.15).

SECTION 268. IC 20-40-6-8 IS REPEALED [EFFECTIVE JULY 1, 2007].

SECTION 269. THE FOLLOWING ARE REPEALED [EFFECTIVE JANUARY 1, 2008]: IC 20-43-1-15; IC 20-43-1-26; IC 20-43-5-8; IC 20-45-1-14; IC 20-45-1-19.

SECTION 270. IC 21-14-2-6, AS ADDED BY SEA 526-2007, SECTION 255, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. **Subject to section 12 of this chapter**, a state educational institution shall set tuition and fee rates for a two (2) year period.

SECTION 271. IC 21-14-2-7, AS ADDED BY SEA 526-2007, SECTION 255, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. The rates must be set according to the procedure set forth in section 8 of this chapter; and:

- (1) on or before ~~May~~ **June** 30 of the odd-numbered year; or
- (2) ~~thirty (30)~~ **sixty (60)** days after the state budget bill is enacted into law;

whichever is later.

SECTION 272. IC 21-14-2-8, AS ADDED BY SEA 526-2007, SECTION 255, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. A state educational institution shall hold a public hearing before adopting a proposed tuition and fee rate increase. The state educational institution shall give public notice of the hearing at least ten (10) days before the hearing. The public notice must include the specific proposal for the tuition and

fee rate increase and the expected uses of the revenue to be raised by the proposed increase. The hearing must be held:

- (1) on or before ~~May 15~~ **31** of each odd numbered year; or
- (2) ~~fifteen (15)~~ **thirty-one (31)** days after the state budget bill is enacted into law;

whichever is later.

SECTION 273. IC 21-14-2-12 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. (a) **For tuition and fees set by a state educational institution before July 1, 2007, a state educational institution must appear before the state budget committee before June 30, 2007. The state budget committee shall review the tuition and fees proposed by the state educational institution under section 8 of this chapter.**

(b) **After July 1, 2007, the commission for higher education shall recommend biennially nonbinding tuition targets based on the mission of the state educational institution. The board of trustees of a state educational institution may set a tuition rate that exceeds the tuition target only if the proposed tuition rate is reviewed by both the commission for higher education and the state budget committee before the later of the following:**

- (1) **June 30 in the odd-numbered year.**
- (2) **Sixty (60) days after the state budget is adopted for the biennium beginning in the odd-numbered year.**

SECTION 274. IC 7.1-4-8-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. ~~Use of Funds~~. The monies deposited in the postwar construction fund shall be used for construction by the state for the use of:

- (1) penal, benevolent, charitable and educational institutions of the state;
- (2) **public safety projects of the state; and**
- (3) **municipal water and sewer infrastructure improvements necessary or useful for an institution or project described in subdivision (1) or (2).**

SECTION 275. [EFFECTIVE UPON PASSAGE] **Notwithstanding IC 4-8.1-1-7, as amended by P.L.235-2005, SECTION 52, any payment made on or after April 1, 2007, by United Air Lines, Inc., to the state of Indiana under the IMC 757/767 Project Agreement, dated December 1, 1994, between the Indiana Economic Development Corporation and United Air Lines, Inc., upon failure to achieve prescribed levels of investment, employment, or wages set forth in the agreement at certain facilities that were financed with the proceeds of bonds issued by the Indiana finance authority under IC 8-21-12, shall be deposited as follows:**

- (1) **Fifty percent (50%) of the money shall be deposited in the affordable housing and community development fund established by IC 5-20-4-7. The proceeds of any such payments are continuously appropriated for the purposes specified in IC 5-20-4-8. Any such proceeds in the affordable housing and community development fund that remain unexpended at the end of any state fiscal year shall remain in the fund until expended and shall not revert to the state general fund due to United States Internal**

Revenue Service requirements related to outstanding Indiana finance authority bonds.

(2) Fifty percent (50%) of the money shall be distributed among the counties that either have at least one (1) unit that has established an affordable housing fund under IC 5-20-5-15.5 or a housing trust fund established under IC 36-7-15.1-35.5(e) in proportion to the population of each county. The money shall be allocated within the county as follows:

(A) In a county that does not contain a consolidated city and has at least one (1) unit that has established an affordable housing fund under IC 5-20-5-15.5, the amount to be distributed to each unit that has established an affordable housing fund under IC 5-20-5-15.5 is the amount available for distribution multiplied by a fraction. The numerator of the fraction is the population of the unit. The denominator of the fraction is the population of all units in the county that have established an affordable housing fund. For purposes of allocating an amount to the affordable housing fund established by the county, the population to be used for that unit is the population of the county outside any city or town that has established an affordable housing fund. The allocated amount shall be deposited in the unit's affordable housing fund for the purposes of the fund.

(B) In a county to which clause (A) does not apply, the money shall be deposited in the housing trust fund established under IC 36-7-15.1-35.5(e) for the purposes of the fund.

SECTION 276. [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: **For the purposes of applying IC 6-2.5-6-9, IC 6-2.5-6-9, as amended by P.L.184-2006, SECTION 2 (effective July 1, 2007), and not IC 6-2.5-6-9, as amended by P.L.162-2006, SECTION 23 (effective January 1, 2007), shall be treated as applying to deductions from sales tax remittances after December 31, 2006, and before July 1, 2007, to the same extent as if the effective date for IC 6-2.5-6-9, as amended by P.L.184-2006, SECTION 2 had been January 1, 2007.**

SECTION 277. IC 5-10.3-11-4.7, AS AMENDED BY P.L.28-2006, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4.7. (a) In addition to the amounts distributed under sections 4 and 4.5 of this chapter, each year the state board shall distribute from the pension relief fund to each unit of local government an amount determined under the following STEPS:

STEP ONE: Determine the amount of the total pension payments to be made by the unit in the calendar year, as estimated by the state board under section 4 of this chapter.

STEP TWO: Determine the result of:

- (A) the STEP ONE result; multiplied by
- (B) fifty percent (50%).

STEP THREE: Determine the amount to be distributed in the current calendar year to the unit of local government under section 4 of this chapter.

STEP FOUR: Determine the greater of zero (0) or the result of:

- (A) the STEP TWO result; minus
- (B) the STEP THREE result.

(b) The state board shall make the distributions under subsection (a) in two (2) equal installments before July 1 and before October 2 of each year.

(c) This section expires January 1, ~~2009~~ 2011.

SECTION 278. IC 4-33-6.5-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. After selecting the most appropriate operating agent applicant, the commission may enter into an operating agent contract with the person. The operating agent contract must comply with this article and include the following terms and conditions:

(1) The operating agent must pay a nonrefundable initial fee of one million dollars (\$1,000,000) to the commission. The fee must be deposited by the commission into the West Baden Springs historic hotel preservation and maintenance fund established by IC 36-7-11.5-11(b).

(2) The operating agent must post a bond as required in section 6 of this chapter.

(3) The operating agent must implement flexible scheduling.

(4) The operating agent must locate the riverboat in a historic hotel district at a location approved by ~~both~~ the commission. ~~and the historic hotel preservation commission established under IC 36-7-11.5.~~

(5) The operating agent must comply with any requirements concerning the exterior design of the riverboat that are approved by ~~both~~ the commission. ~~and the historic hotel preservation commission established under IC 36-7-11.5.~~

(6) Notwithstanding any law limiting the maximum length of contracts:

(A) the initial term of the contract may not exceed twenty (20) years; and

(B) any renewal or extension period permitted under the contract may not exceed twenty (20) years.

(7) The operating agent must collect and remit all taxes under IC 4-33-12 and IC 4-33-13.

(8) The operating agent must comply with the restrictions on the transferability of the operating agent contract under section 12 of this chapter.

SECTION 279. IC 4-33-6.5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) An operating agent must post a bond with the commission at least sixty (60) days before the commencement of regular riverboat operations in the historic hotel district.

(b) The bond must be furnished in:

(1) cash or negotiable securities;

(2) a surety bond:

(A) with a surety company approved by the commission; and

(B) guaranteed by a satisfactory guarantor; or

(3) an irrevocable letter of credit issued by a banking institution of Indiana acceptable to the commission.

(c) If a bond is furnished in cash or negotiable securities, the principal shall be placed without restriction at the disposal of the commission, but income inures to the benefit of the operating agent.

(d) The bond:

- (1) is subject to the approval of the commission;
- (2) must be in an amount that the commission determines will adequately reflect the amount that a local community will expend for infrastructure and other facilities associated with a riverboat operation; and
- (3) must be payable to the commission as obligee for use in payment of the riverboat's financial obligations to the local community, the state, and other aggrieved parties, as determined by the rules of the commission.

Any bond proceeds remaining after the payments shall be deposited in the ~~community trust~~ **West Baden Springs historic hotel preservation and maintenance** fund established by ~~IC 36-7-11.5-8~~ **IC 36-7-11.5-11**.

(e) If after a hearing (after at least five (5) days written notice) the commission determines that the amount of an operating agent's bond is insufficient, the operating agent shall, upon written demand of the commission, file a new bond.

(f) The commission may require an operating agent to file a new bond with a satisfactory surety in the same form and amount if:

- (1) liability on the old bond is discharged or reduced by judgment rendered, payment made, or otherwise; or
- (2) in the opinion of the commission any surety on the old bond becomes unsatisfactory.

(g) If a new bond obtained under subsection (e) or (f) is unsatisfactory, the commission shall cancel the operating agent's contract. If the new bond is satisfactorily furnished, the commission shall release in writing the surety on the old bond from any liability accruing after the effective date of the new bond.

(h) A bond is released on the condition that the operating agent remains at the site of the riverboat operating within the historic hotel district:

- (1) for five (5) years; or
- (2) until the date the commission enters into a contract with another operating agent to operate from the site for which the bond was posted;

whichever occurs first.

(i) An operating agent who does not meet the requirements of subsection (h) forfeits a bond filed under this section. The proceeds of a bond that is in default under this subsection are paid to the commission and used in the same manner as specified in subsection (d).

(j) The total liability of the surety on a bond is limited to the amount specified in the bond, and the continuous nature of the bond may not be construed as allowing the liability of the surety under a bond to accumulate for each successive approval period during which the bond is in force.

(k) A bond filed under this section is released sixty (60) days after:

- (1) the time specified under subsection (h); and
- (2) a written request is submitted by the operating agent.

SECTION 280. IC 4-33-12-6, AS AMENDED BY P.L.4-2005, SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) The department shall place in the state general fund the tax revenue collected under this chapter.

(b) Except as provided by subsections (c) and (d) and IC 6-3.1-20-7, the treasurer of state shall quarterly pay the following amounts:

(1) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat that has implemented flexible scheduling under IC 4-33-6-21 during the quarter shall be paid to:

(A) the city in which the riverboat is docked, if the city:

- (i) is located in a county having a population of more than one hundred ten thousand (110,000) but less than one hundred fifteen thousand (115,000); or
- (ii) is contiguous to the Ohio River and is the largest city in the county; and

(B) the county in which the riverboat is docked, if the riverboat is not docked in a city described in clause (A).

(2) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county in which the riverboat is docked. In the case of a county described in subdivision (1)(B), this one dollar (\$1) is in addition to the one dollar (\$1) received under subdivision (1)(B).

(3) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.

(4) Except as provided in subsection (k), fifteen cents (\$0.15) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during a quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the state fair commission, for use in any activity that the commission is authorized to carry out under IC 15-1.5-3.

(5) Except as provided in subsection (k), ten cents (\$0.10) of

the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the division of mental health and addiction. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

(6) Except as provided in subsection (k), sixty-five cents (\$.65) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21 shall be paid to the Indiana horse racing commission to be distributed as follows, in amounts determined by the Indiana horse racing commission, for the promotion and operation of horse racing in Indiana:

(A) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.

(B) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this clause only for purses, promotions, and routine operations of the racetrack. No grants shall be made for long term capital investment or construction, and no grants shall be made before the racetrack becomes operational and is offering a racing schedule.

(c) With respect to tax revenue collected from a riverboat located in a historic hotel district, the treasurer of state shall quarterly pay the following amounts:

(1) ~~Twenty-five~~ **Twenty-two** percent (~~25%~~) (**22%**) of the admissions tax collected during the quarter shall be paid to the county treasurer of the county in which the riverboat is docked. The county treasurer shall distribute the money received under this subdivision as follows:

(A) ~~Twenty~~ **Twenty-two and seventy-five hundredths** percent (~~20%~~) (**22.75%**) shall be quarterly distributed to the county treasurer of a county having a population of more than thirty-nine thousand six hundred (39,600) but less than forty thousand (40,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(B) ~~Twenty~~ **Twenty-two and seventy-five hundredths** percent (~~20%~~) (**22.75%**) shall be quarterly distributed to the county treasurer of a county having a population of more than ten thousand seven hundred (10,700) but less than twelve thousand (12,000) for appropriation by the

county fiscal body. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(C) ~~Sixty Fifty-four and five tenths~~ percent (~~60%~~) (**54.5%**) shall be retained by the county where the riverboat is docked for appropriation by the county fiscal body after receiving a recommendation from the county executive. ~~The county fiscal body shall provide for the distribution of part or all of the money received under this clause to the following under a formula established by the county fiscal body:~~

~~(i)~~ **(2) Five percent (5%) of the admissions tax collected during the quarter shall be paid to a town having a population of more than two thousand two hundred (2,200) but less than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000). At least twenty percent (20%) of the taxes received by a town under this subdivision must be transferred to the school corporation in which the town is located.**

~~(ii)~~ **(3) Five percent (5%) of the admissions tax collected during the quarter shall be paid to a town having a population of more than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000). At least twenty percent (20%) of the taxes received by a town under this subdivision must be transferred to the school corporation in which the town is located.**

~~(2)~~ **(4) Twenty percent (16%) (20%)** of the admissions tax collected during the quarter shall be paid in equal amounts to each town that:

(A) is located in the county in which the riverboat docks; and

(B) contains a historic hotel.

~~The town council shall appropriate a part of the money received by the town under this subdivision to the budget of the town's tourism commission. At least twenty percent (20%) of the taxes received by a town under this subdivision must be transferred to the school corporation in which the town is located.~~

~~(3)~~ **(5) Ten percent (9%) (10%)** of the admissions tax collected during the quarter shall be paid to the ~~historic hotel preservation~~ **Orange County development** commission established under IC 36-7-11.5. **At least one-third (1/3) of the taxes paid to the Orange County development commission under this subdivision must be transferred to the Orange County convention and visitors bureau.**

~~(4)~~ ~~Twenty-five~~ **(6) Thirteen** percent (~~25%~~) (**13%**) of the admissions tax collected during the quarter shall be paid to the

West Baden Springs historic hotel preservation and maintenance fund established by IC 36-7-11.5-11(b).

~~(5)~~ (7) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the Indiana economic development corporation to be used by the corporation for the development and implementation of a regional economic development strategy to assist the residents of the county in which the riverboat is located and residents of contiguous counties in improving their quality of life and to help promote successful and sustainable communities. The regional economic development strategy must include goals concerning the following issues:

- (A) Job creation and retention.
- (B) Infrastructure, including water, wastewater, and storm water infrastructure needs.
- (C) Housing.
- (D) Workforce training.
- (E) Health care.
- (F) Local planning.
- (G) Land use.
- (H) Assistance to regional economic development groups.
- (I) Other regional development issues as determined by the Indiana economic development corporation.

(d) With respect to tax revenue collected from a riverboat that operates from a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000), the treasurer of state shall quarterly pay the following amounts:

(1) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person:

- (A) embarking on a gambling excursion during the quarter; or
 - (B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;
- shall be paid to the city in which the riverboat is docked.

(2) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person:

- (A) embarking on a gambling excursion during the quarter; or
 - (B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;
- shall be paid to the county in which the riverboat is docked.

(3) Except as provided in subsection (k), nine cents (\$0.09) of the admissions tax collected by the licensed owner for each person:

- (A) embarking on a gambling excursion during the quarter; or
 - (B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;
- shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.

(4) Except as provided in subsection (k), one cent (\$0.01) of the admissions tax collected by the licensed owner for each person:

- (A) embarking on a gambling excursion during the quarter; or
 - (B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;
- shall be paid to the northwest Indiana law enforcement training center.

(5) Except as provided in subsection (k), fifteen cents (\$0.15) of the admissions tax collected by the licensed owner for each person:

- (A) embarking on a gambling excursion during the quarter; or
 - (B) admitted to a riverboat during a quarter that has implemented flexible scheduling under IC 4-33-6-21;
- shall be paid to the state fair commission for use in any activity that the commission is authorized to carry out under IC 15-1.5-3.

(6) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:

- (A) embarking on a gambling excursion during the quarter; or
 - (B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;
- shall be paid to the division of mental health and addiction. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

(7) Except as provided in subsection (k), sixty-five cents (\$0.65) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21 shall be paid to the Indiana horse racing commission to be distributed as follows, in amounts determined by the Indiana horse racing commission, for the promotion and operation of horse racing in Indiana:

- (A) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.
- (B) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this clause only for purses, promotions, and routine operations of the racetrack. No grants shall be made for long term capital investment or construction, and no grants shall be made before the racetrack becomes operational and is offering a racing schedule.

(e) Money paid to a unit of local government under subsection (b)(1) through (b)(2), (c)(1) through ~~(c)(2)~~; **(c)(4)**, or (d)(1) through (d)(2):

- (1) must be paid to the fiscal officer of the unit and may be deposited in the unit's general fund or riverboat fund

established under IC 36-1-8-9, or both;

(2) may not be used to reduce the unit's maximum levy under IC 6-1.1-18.5 but may be used at the discretion of the unit to reduce the property tax levy of the unit for a particular year;

(3) may be used for any legal or corporate purpose of the unit, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4; and

(4) is considered miscellaneous revenue.

(f) Money paid by the treasurer of state under subsection (b)(3) or (d)(3) shall be:

(1) deposited in:

(A) the county convention and visitor promotion fund; or

(B) the county's general fund if the county does not have a convention and visitor promotion fund; and

(2) used only for the tourism promotion, advertising, and economic development activities of the county and community.

(g) Money received by the division of mental health and addiction under subsections (b)(5) and (d)(6):

(1) is annually appropriated to the division of mental health and addiction;

(2) shall be distributed to the division of mental health and addiction at times during each state fiscal year determined by the budget agency; and

(3) shall be used by the division of mental health and addiction for programs and facilities for the prevention and treatment of addictions to drugs, alcohol, and compulsive gambling, including the creation and maintenance of a toll free telephone line to provide the public with information about these addictions. The division shall allocate at least twenty-five percent (25%) of the money received to the prevention and treatment of compulsive gambling.

(h) This subsection applies to the following:

(1) Each entity receiving money under subsection (b).

(2) Each entity receiving money under subsection (d)(1) through (d)(2).

(3) Each entity receiving money under subsection (d)(5) through (d)(7).

The treasurer of state shall determine the total amount of money paid by the treasurer of state to an entity subject to this subsection during the state fiscal year 2002. The amount determined under this subsection is the base year revenue for each entity subject to this subsection. The treasurer of state shall certify the base year revenue determined under this subsection to each entity subject to this subsection.

(i) This subsection applies to an entity receiving money under subsection (d)(3) or (d)(4). The treasurer of state shall determine the total amount of money paid by the treasurer of state to the entity described in subsection (d)(3) during state fiscal year 2002. The amount determined under this subsection multiplied by nine-tenths (0.9) is the base year revenue for the entity described in subsection (d)(3). The amount determined under this subsection multiplied by one-tenth (0.1) is the base year revenue for the entity described in subsection (d)(4). The treasurer of state shall certify the base year

revenue determined under this subsection to each entity subject to this subsection.

(j) This subsection does not apply to an entity receiving money under subsection (c). For state fiscal years beginning after June 30, 2002, the total amount of money distributed to an entity under this section during a state fiscal year may not exceed the entity's base year revenue as determined under subsection (h) or (i). If the treasurer of state determines that the total amount of money distributed to an entity under this section during a state fiscal year is less than the entity's base year revenue, the treasurer of state shall make a supplemental distribution to the entity under IC 4-33-13-5(g).

(k) This subsection does not apply to an entity receiving money under subsection (c). For state fiscal years beginning after June 30, 2002, the treasurer of state shall pay that part of the riverboat admissions taxes that:

(1) exceed a particular entity's base year revenue; and

(2) would otherwise be due to the entity under this section; to the property tax replacement fund instead of to the entity.

SECTION 281. IC 4-33-13-5, AS AMENDED BY P.L.91-2006, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) This subsection does not apply to tax revenue remitted by an operating agent operating a riverboat in a historic hotel district. After funds are appropriated under section 4 of this chapter, each month the treasurer of state shall distribute the tax revenue deposited in the state gaming fund under this chapter to the following:

(1) The first thirty-three million dollars (\$33,000,000) of tax revenues collected under this chapter shall be set aside for revenue sharing under subsection (e).

(2) Subject to subsection (c), twenty-five percent (25%) of the remaining tax revenue remitted by each licensed owner shall be paid:

(A) to the city that is designated as the home dock of the riverboat from which the tax revenue was collected, in the case of:

(i) a city described in IC 4-33-12-6(b)(1)(A); or

(ii) a city located in a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000); or

(B) to the county that is designated as the home dock of the riverboat from which the tax revenue was collected, in the case of a riverboat whose home dock is not in a city described in clause (A).

(3) Subject to subsection (d), the remainder of the tax revenue remitted by each licensed owner shall be paid to the property tax replacement fund. In each state fiscal year, the treasurer of state shall make the transfer required by this subdivision not later than the last business day of the month in which the tax revenue is remitted to the state for deposit in the state gaming fund. However, if tax revenue is received by the state on the last business day in a month, the treasurer of state may transfer the tax revenue to the property tax replacement fund in the immediately following month.

(b) This subsection applies only to tax revenue remitted by an operating agent operating a riverboat in a historic hotel district. After funds are appropriated under section 4 of this chapter, each month the treasurer of state shall distribute the tax revenue deposited in the state gaming fund remitted by the operating agent under this chapter as follows:

(1) Thirty-seven and one-half percent (37.5%) shall be paid to the property tax replacement fund established under IC 6-1.1-21.

(2) ~~Thirty-seven and one-half~~ **Nineteen percent (19%)** shall be paid to the West Baden Springs historic hotel preservation and maintenance fund established by IC 36-7-11.5-11(b). However, at any time the balance in that fund exceeds twenty million dollars (\$20,000,000), the amount described in this subdivision shall be paid to the property tax replacement fund established under IC 6-1.1-21.

(3) ~~Five~~ **Eight percent (8%)** shall be paid to the ~~historic hotel preservation~~ **Orange County development** commission established under IC 36-7-11.5.

(4) ~~Ten~~ **Sixteen percent (16%)** shall be paid in equal amounts to each town that ~~(A)~~ is located in the county in which the riverboat docks and ~~(B)~~ contains a historic hotel. ~~The town council shall appropriate a part of the money received by the town under this subdivision to the budget of the town's tourism commission. The following apply to taxes received by a town under this subdivision:~~

(A) At least twenty-five percent (25%) of the taxes must be transferred to the school corporation in which the town is located.

(B) At least twelve and five-tenths percent (12.5%) of the taxes must be transferred to the Orange County convention and visitors bureau.

(5) ~~Ten~~ **Nine percent (9%)** shall be paid to the county treasurer of the county in which the riverboat is docked. The county treasurer shall distribute the money received under this subdivision as follows:

(A) ~~Twenty~~ **Twenty-two and twenty-five hundredths percent (22.25%)** shall be quarterly distributed to the county treasurer of a county having a population of more than thirty-nine thousand six hundred (39,600) but less than forty thousand (40,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(B) ~~Twenty~~ **Twenty-two and twenty-five hundredths percent (22.25%)** shall be quarterly distributed to the county treasurer of a county having a population of more than ten thousand seven hundred (10,700) but less than twelve thousand (12,000) for appropriation by the county fiscal body after receiving a recommendation from

the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

~~(C) Sixty~~ **Fifty-five and five-tenths percent (55.5%)** shall be retained by the county where the riverboat is docked for appropriation by the county fiscal body after receiving a recommendation from the county executive. ~~The county fiscal body shall provide for the distribution of part or all of the money received under this clause to the following under a formula established by the county fiscal body:~~

~~(i)~~ **(6) Five percent (5%) shall be paid to a town having a population of more than two thousand two hundred (2,200) but less than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000). At least forty percent (40%) of the taxes received by a town under this subdivision must be transferred to the school corporation in which the town is located.**

~~(ii)~~ **(7) Five percent (5%) shall be paid to a town having a population of more than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000). At least forty percent (40%) of the taxes received by a town under this subdivision must be transferred to the school corporation in which the town is located.**

(8) Five-tenths percent (0.5%) shall be paid to the Orange County convention and visitors bureau.

(c) For each city and county receiving money under subsection (a)(2), the treasurer of state shall determine the total amount of money paid by the treasurer of state to the city or county during the state fiscal year 2002. The amount determined is the base year revenue for the city or county. The treasurer of state shall certify the base year revenue determined under this subsection to the city or county. The total amount of money distributed to a city or county under this section during a state fiscal year may not exceed the entity's base year revenue. For each state fiscal year, the treasurer of state shall pay that part of the riverboat wagering taxes that:

(1) exceeds a particular city's or county's base year revenue; and

(2) would otherwise be due to the city or county under this section;

to the property tax replacement fund instead of to the city or county.

(d) Each state fiscal year the treasurer of state shall transfer from the tax revenue remitted to the property tax replacement fund under subsection (a)(3) to the build Indiana fund an amount that when added to the following may not exceed two hundred fifty million dollars (\$250,000,000):

(1) Surplus lottery revenues under IC 4-30-17-3.

(2) Surplus revenue from the charity gaming enforcement fund

under IC 4-32.2-7-7.

(3) Tax revenue from pari-mutuel wagering under IC 4-31-9-3.

The treasurer of state shall make transfers on a monthly basis as needed to meet the obligations of the build Indiana fund. If in any state fiscal year insufficient money is transferred to the property tax replacement fund under subsection (a)(3) to comply with this subsection, the treasurer of state shall reduce the amount transferred to the build Indiana fund to the amount available in the property tax replacement fund from the transfers under subsection (a)(3) for the state fiscal year.

(e) Before August 15 of each year, the treasurer of state shall distribute the wagering taxes set aside for revenue sharing under subsection (a)(1) to the county treasurer of each county that does not have a riverboat according to the ratio that the county's population bears to the total population of the counties that do not have a riverboat. Except as provided in subsection (h), the county auditor shall distribute the money received by the county under this subsection as follows:

(1) To each city located in the county according to the ratio the city's population bears to the total population of the county.

(2) To each town located in the county according to the ratio the town's population bears to the total population of the county.

(3) After the distributions required in subdivisions (1) and (2) are made, the remainder shall be retained by the county.

(f) Money received by a city, town, or county under subsection (e) or (h) may be used for any of the following purposes:

(1) To reduce the property tax levy of the city, town, or county for a particular year (a property tax reduction under this subdivision does not reduce the maximum levy of the city, town, or county under IC 6-1.1-18.5).

(2) For deposit in a special fund or allocation fund created under IC 8-22-3.5, IC 36-7-14, IC 36-7-14.5, IC 36-7-15.1, and IC 36-7-30 to provide funding for additional credits for property tax replacement in property tax increment allocation areas or debt repayment.

(3) To fund sewer and water projects, including storm water management projects.

(4) For police and fire pensions.

(5) To carry out any governmental purpose for which the money is appropriated by the fiscal body of the city, town, or county. Money used under this subdivision does not reduce the property tax levy of the city, town, or county for a particular year or reduce the maximum levy of the city, town, or county under IC 6-1.1-18.5.

(g) This subsection does not apply to an entity receiving money under IC 4-33-12-6(c). Before September 15 of each year, the treasurer of state shall determine the total amount of money distributed to an entity under IC 4-33-12-6 during the preceding state fiscal year. If the treasurer of state determines that the total amount of money distributed to an entity under IC 4-33-12-6 during the preceding state fiscal year was less than the entity's base year

revenue (as determined under IC 4-33-12-6), the treasurer of state shall make a supplemental distribution to the entity from taxes collected under this chapter and deposited into the property tax replacement fund. The amount of the supplemental distribution is equal to:

(1) the entity's base year revenue (as determined under IC 4-33-12-6); minus

(2) the sum of:

(A) the total amount of money distributed to the entity during the preceding state fiscal year under IC 4-33-12-6; plus

(B) any amounts deducted under IC 6-3.1-20-7.

(h) This subsection applies only to a county containing a consolidated city. The county auditor shall distribute the money received by the county under subsection (e) as follows:

(1) To each city, other than a consolidated city, located in the county according to the ratio that the city's population bears to the total population of the county.

(2) To each town located in the county according to the ratio that the town's population bears to the total population of the county.

(3) After the distributions required in subdivisions (1) and (2) are made, the remainder shall be paid in equal amounts to the consolidated city and the county.

SECTION 282. IC 36-7-11.5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. ~~(a) As used in this chapter, "commission" refers to the historic hotel preservation commission established by an interlocal agreement under section 3 of this chapter.~~

~~(b) Except as provided in section 11 of this chapter, "fund" refers to the community trust fund established by section 8 of this chapter.~~

(a) As used in this chapter, "advisory board" refers to the Orange County development advisory board established by section 12 of this chapter.

(b) As used in this chapter, "development commission" refers to the Orange County development commission established by section 3.5 of this chapter.

(c) As used in this chapter, "historic hotel" has the meaning set forth in IC 4-33-2-11.1.

(d) As used in this chapter, "hotel riverboat resort" refers to the historic hotels, the riverboat operated under IC 4-33-6.5, and other properties operated in conjunction with the riverboat enterprise located in Orange County.

~~(e)~~ **(e)** As used in this chapter, "qualified historic hotel" refers to a historic hotel that has an atrium that includes a dome that is at least two hundred (200) feet in diameter.

SECTION 283. IC 36-7-11.5-3.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 3.5. (a) The Orange County development commission is established.**

(b) The development commission consists of the following members:

(1) An individual appointed by the legislative body of Orange County.

(2) An individual appointed by the legislative body of the

town of French Lick.

(3) An individual appointed by the legislative body of the town of West Baden.

(4) An individual appointed by the legislative body of the town of Paoli.

(5) An individual appointed by the legislative body of the town of Orleans.

(6) A nonvoting member appointed by the governor.

(c) The members of the development commission shall each serve for a term of three (3) years. A vacancy shall be filled for the duration of the term by the original appointing authority.

(d) Each member of the development commission must, before beginning the discharge of the duties of the member's office, do the following:

(1) Take an oath that the member will faithfully execute the duties of the member's office according to Indiana law and rules adopted under Indiana law.

(2) Provide a bond to the state:

(A) for twenty-five thousand dollars (\$25,000); and

(B) that is, after being executed and approved, recorded in the office of the secretary of state.

(e) A member of the development commission is not entitled to a salary per diem. However, a member is entitled to reimbursement for travel expenses incurred in connection with the member's duties, as provided in the state travel policies and procedures established by the department of administration and approved by the budget agency.

(f) An individual who is an employee of a county or town described in subsection (b) may not be appointed to the development commission until at least three (3) years after the date the individual's employment with the county or town is terminated.

(g) An individual who is a member of any other board serving a county or town described in subsection (b) may not be appointed to the development commission until at least three (3) years after the date the individual's membership on the board expires.

(h) An individual who is:

(1) employed by the hotel riverboat resort or an affiliated business;

(2) contracted or hired to perform a service for the hotel riverboat resort or an affiliated business; or

(3) engaged in any other form of a business relationship with the hotel riverboat resort or an affiliated business;

may not be appointed to the development commission until at least three (3) years after the date on which the individual's employment or business relationship with the hotel riverboat resort or an affiliated business is terminated.

SECTION 284. IC 36-7-11.5-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) The **development** commission shall elect from its membership a chairperson and vice chairperson, who shall serve for one (1) year and may be reelected.

(b) The **development** commission shall adopt rules consistent

with this chapter for the transaction of its business. The rules must include the time and place of regular meetings and a procedure for the calling of special meetings. ~~Four (4)~~ **Three (3)** voting members constitute a quorum of the **development** commission. No action may be taken by the **development** commission unless a majority of the voting members appointed to the **development** commission vote in favor of taking the action.

(c) All meetings of the **development** commission must be open to the public, and a public record of the **development** commission's resolutions, proceedings, and actions must be kept.

(d) ~~If~~ The **development** commission ~~has~~ **shall employ** an administrator ~~the administrator who~~ shall act as the commission's secretary. ~~If the commission does not have an administrator, the commission shall elect a secretary from its membership.~~

(e) The **development** commission shall hold regular meetings, at least monthly, except when it has no business pending.

SECTION 285. IC 36-7-11.5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) Money acquired by the **development** commission is subject to the laws concerning the deposit and safekeeping of public money.

(b) The money of the **development** commission and the accounts of each officer, employee, or other person entrusted by law with the raising, disposition, or expenditure of the money or part of the money are subject to examination by the state board of accounts.

SECTION 286. IC 36-7-11.5-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) ~~Except as otherwise specified in this chapter, The~~ **development** commission has all of the powers and responsibilities of a historic preservation commission established under ~~IC 36-7-11.~~

~~(b) The commission shall do the following:~~

~~(1) Designate a fiscal agent who must be the fiscal officer of one (1) of the towns to which this chapter applies.~~

~~(2) (1) Employ an administrator and other professional staff necessary to assist the **development** commission in carrying out its duties.~~

~~(2) Facilitate and coordinate the development of Orange County.~~

~~(3) Serve as a liaison between the riverboat located in a historic hotel district and the political subdivisions located in Orange County.~~

~~(4) Facilitate and coordinate the appropriate development of the historical environment of the towns of French Lick and West Baden.~~

~~(5) Establish a grant program to provide financial support to community organizations in Orange County.~~

~~(b) The **development** commission may do the following:~~

~~(3) (1) Engage consultants, attorneys, accountants, and other professionals necessary to carry out the **development** commission's duties.~~

~~(4) Jointly approve, with the Indiana gaming commission, the location and exterior design of a riverboat to be operated in the historic hotel district.~~

~~(5) Make recommendations to the Indiana gaming commission concerning the selection of an operating agent (as defined in~~

~~IC 4-33-2-14.5) that the commission believes will:~~

- ~~(A) promote the most economic development in the area surrounding the historic hotel district; and~~
- ~~(B) best serve the interests of the residents of the county in which the historic hotel district is located and all other citizens of Indiana.~~

~~(6) Make recommendations to the Indiana gaming commission concerning the operation and management of the riverboat to be operated in the county:~~

(2) Award grants and low interest loans to promote economic development through tourism in Orange County.

~~(c) This section does not limit the powers of the Indiana gaming commission with respect to the administration and regulation of riverboat gaming under IC 4-33-~~

(c) The development commission shall:

- (1) promote economic development through tourism;**
- (2) attract new business;**
- (3) improve housing; and**
- (4) engage in any other activity that promotes the development of Orange County.**

SECTION 287. IC 36-7-11.5-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 11. (a) As used in this section, "fund" refers to the West Baden Springs historic hotel preservation and maintenance fund established by subsection (b).

(b) The West Baden Springs historic hotel preservation and maintenance fund is established. The fund consists of the following:

- (1) Amounts deposited in the fund under **IC 4-33-6.5-6**, IC 4-33-12-6(c), and IC 4-33-13-5(b).
- (2) Grants and gifts that the department of natural resources receives for the fund under terms, obligations, and liabilities that the department considers appropriate.
- (3) The one million dollar (\$1,000,000) initial fee paid to the gaming commission under IC 4-33-6.5.
- (4) Any amount transferred to the fund upon the repeal of IC 36-7-11.5-8 (the community trust fund).**

The fund shall be administered by the department of natural resources. The expenses of administering the fund shall be paid from money in the fund.

(c) The treasurer of state shall invest the money in the fund that is not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. The treasurer of state shall deposit in the fund the interest that accrues from the investment of the fund.

(d) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

(e) No money may be appropriated from the fund except as provided in this subsection. The general assembly may appropriate interest accruing to the fund to the department of natural resources only for the following purposes:

- (1) To maintain the parts of a qualified historic hotel that were restored before July 1, 2003.
- (2) To maintain the grounds surrounding a qualified historic hotel.

No money may be appropriated from the fund for restoration

purposes if the restoration is to occur after July 1, 2003.

SECTION 288. IC 36-7-11.5-12 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 12. (a) The Orange County development advisory board is established for the purpose of advising the development commission established under section 3.5 of this chapter.**

(b) The advisory board consists of five (5) members appointed as follows:

- (1) One (1) individual appointed by the speaker of the house of representatives.**
- (2) One (1) individual appointed by the president pro tempore of the senate.**
- (3) One (1) individual appointed by the Orange County convention and visitors bureau.**
- (4) Two (2) individuals appointed by the chief operating officer of the hotel riverboat resort.**

(c) Except as provided in subsection (d), the members of the advisory board shall each serve for a term of four (4) years. A vacancy shall be filled for the duration of the term by the original appointing authority.

(d) The member appointed under subsection (b)(3) shall serve an initial term of one (1) year. As determined by the appointing authority, the two (2) members appointed under subsection (b)(4) shall serve initial terms of two (2) and three (3) years respectively.

(e) A member of the advisory board is not entitled to a salary per diem. However, a member is entitled to reimbursement for travel expenses incurred in connection with the member's duties, as provided in the state travel policies and procedures established by the department of administration and approved by the budget agency.

SECTION 289. IC 36-7-11.5-13 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 13. (a) An individual may apply for a grant or low interest loan on a form prescribed by the development commission.**

(b) A form prescribed by the development commission must be designed to be read and easily understood by the ordinary individual.

SECTION 290. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2007]: IC 36-7-11.5-3; IC 36-7-11.5-4; IC 36-7-11.5-8; IC 36-7-11.5-9; IC 36-7-11.5-10.

SECTION 291. [EFFECTIVE JULY 1, 2007] **(a) IC 4-33-12-6, as amended by this act, applies to riverboat admissions taxes remitted by an operating agent after June 30, 2007.**

(b) IC 4-33-13-5, as amended by this act, applies to riverboat wagering taxes remitted by an operating agent after June 30, 2007.

SECTION 292. [EFFECTIVE JULY 1, 2007] **(a) As used in this SECTION, "commission" refers to a historic hotel preservation commission established by an interlocal agreement under IC 36-7-11.5-3, before its repeal by this act.**

(b) As used in this SECTION, "local development agreement" refers to the local development agreement:

(1) entered into by:

- (A) the town of French Lick;
- (B) the town of West Baden Springs;
- (C) Orange County;
- (D) the commission; and
- (E) Blue Sky Casino, LLC; and

(2) dated July 28, 2005.

(c) Notwithstanding any other law, the commission is abolished on July 1, 2007.

(d) Notwithstanding any other law, the term of office of a member of the commission serving on June 30, 2007, terminates July 1, 2007.

(e) Any balance remaining on June 30, 2007, in the community trust fund established under IC 36-7-11.5-8 (before its repeal by this act) is transferred to the Orange County development commission established by IC 36-7-11.5-3.5, as added by this act.

(f) On July 1, 2007, all records and property of the commission are transferred to the Orange County development commission established under IC 36-7-11.5-3.5, as added by this act.

(g) Except as provided in subsection (h), an unfulfilled financial commitment made by the commission is void on July 1, 2007.

(h) The Orange County development commission shall assume the commission's commitments to the French Lick Municipal Airport.

(i) Any part of a local development agreement that requires a town to make payments to a county is void on July 1, 2007.

(j) This act does not affect the validity of a historic hotel district established in Orange County before January 1, 2007, under IC 36-7-11.5-2.

SECTION 293. IC 14-11-1-8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 8. The department of natural resources may not sell, lease, exchange, or transfer property or an interest in a property to another person for the purpose of allowing the selling of water out of Indiana from Charlestown Water Wells located on park property without the prior approval of River Ridge Development Authority.**

SECTION 294. P.L.191-2006, SECTION 4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: (a) The definitions in IC 20 apply to this SECTION.

(b) ~~Not later than August 31, 2006:~~

- ~~(1) the department shall develop; and~~
- ~~(2) the state board shall review and may modify before approving; As used in this SECTION, "plan" refers to "A Plan to Upgrade the Financial Management, Analysis, and Reporting System for Indiana School Corporations and Schools"~~

~~(c) The plan developed under subsection (b) must:~~

- ~~(1) provide the use of generally accepted accounting principles based on the system of accounting used by school corporations and schools on June 30, 2006; and a unified~~

~~income and expense statement and balance sheet;~~

- ~~(2) provide school corporations and schools the ability to track expenditures individually and according to the expenditure category under IC 21-10-3-4, as added by this act; the program under which the expense was incurred; and the school building where the expense was incurred;~~
- ~~(3) provide real time or other timely access to expenditures; and across functions; schools; and school corporations; and~~
- ~~(4) enable periodic and annual analysis and reporting to the leadership of a school; the superintendent and governing body of a school corporation; the general public; the department; the state board; the governor; and the general assembly;~~

~~(d) In developing the plan under subsection (b); the department; following approval by and under the direction of the state board; shall:~~

- ~~(1) use the assistance of the state board of accounts; the division of finance of the department; the division of technology of the department; the office of management and budget; and external consultants and advisers the state board determines are necessary;~~
- ~~(2) provide the opportunity for input from governing bodies; superintendents; and other interested parties;~~
- ~~(3) consider existing financial management; analysis; and reporting systems and technology in use in school corporations and in other states;~~
- ~~(4) take into account the need for training personnel in school corporations in the use of the system; including a plan for the department to work with the officials in each school corporation who are responsible for the management of the school corporation's finances; organizations; and other resources to create programs and curricula to develop the officials' financial management skills and abilities as well as train them in the use of the system; and~~
- ~~(5) identify any amendments to the Indiana Code that are necessary to implement specific provisions of the plan.~~

~~(e) Not later than October 1, 2006; the department and the state board shall submit the plan developed under subsection (b) to the governor and the general assembly. The report to the general assembly must be submitted to the executive director of the legislative services agency in an electronic format under IC 5-14-6: published by the department of education on September 13, 2006.~~

(c) The state board of accounts, the department and the state board may not implement the plan or require a school corporation to conform to the plan until after June 30, 2009.

~~(f) (d) This SECTION expires December 31, 2009: 2011.~~

SECTION 295. IC 5-13-6-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 1. (a) All public funds paid into the treasury of the state or the treasuries of the respective political subdivisions shall be deposited not later than the business day following the receipt of funds on business days of the depository in one (1) or more depositories in the name of the state or political subdivision by the officer having control of the funds.**

(b) Except as provided in subsection (d); subsections (d), (f),

and (g), all public funds collected by state officers, other than the treasurer of state, shall be deposited with the treasurer of state, or an approved depository selected by the treasurer of state not later than the business day following the receipt of the funds. The treasurer of state shall deposit daily on business days of the depository all public funds deposited with the treasurer of state. Deposits do not relieve any state officer from the duty of maintaining a cashbook under IC 5-13-5-1.

(c) Except as provided in subsection (d), all local officers, except township trustees, who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the several local boards of finance that have jurisdiction of the funds. The public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month. Public funds deposited under this subsection shall be deposited in the same form in which they were received.

(d) A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories:

- (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and
- (2) approved as depositories of state funds.

(e) All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories.

(f) An office of:

- (1) the department of natural resources; or
- (2) the department of state revenue;

that is detached from the main office of the department is not required to deposit funds on the business day following receipt if the funds on hand do not exceed one hundred dollars (\$100). However, the office must deposit the funds on hand not later than the business day following the day that the funds exceed one hundred dollars (\$100).

(g) An office of the legislative branch of state government is not required to deposit funds on the business day following receipt if the funds on hand do not exceed one hundred dollars (\$100). However, the office must deposit the funds on hand not later than the business day following the day that the funds exceed one hundred dollars (\$100).

SECTION 296. IC 6-1.1-21-2.5, AS ADDED BY P.L.246-2005, SECTION 65, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 2.5. (a) Annually, before the department determines the eligible property tax replacement amount for a year under section 3 of this chapter and the department of local government finance makes its certification under section 3(b) of this chapter, the budget agency shall determine the sum of the following:

- (1) One billion one hundred twenty-one million seven hundred thousand dollars (\$1,121,700,000).
- (2) An amount equal to the net amount of revenue, after deducting collection allowances and refunds; that the budget

agency estimates will be collected in a particular calendar year from the part of the gross retail and use tax rate imposed under IC 6-2.5 equal to one percent (1%).

The estimate made under this subsection must be consistent with the latest technical forecast of state revenues that is prepared for distribution to the general assembly and the general public and available to the budget agency at the time that the estimate is made.

(b) The department may not distribute eligible property tax replacement amounts and eligible homestead credit replacement amounts for a year under this chapter that, in the aggregate, is less than the amount computed under subsection (a).

(c) (a) Annually, before the department determines the eligible property tax replacement amount for a year under section 3 of this chapter and the department of local government finance makes its certification under section 3(b) of this chapter, the budget agency shall determine whether the total amount of property tax replacement credits granted in Indiana under section 5 of this chapter and homestead credits granted in Indiana under IC 6-1.1-20.9-2 for a year, determined without applying subsection (b); **this section, will be less more than the amount determined under subsection (b): appropriated for those purposes for that year.** The budget agency shall give notice of its determination to the members of the board and, in an electronic format under IC 5-14-6, the general assembly. If the budget agency determines that the amount determined under subsection (b) will not be exceeded in a particular year; **amount of property tax replacement credits and homestead credits granted under IC 6-1.1-20.9-2 for the year will be more than the amount appropriated for those purposes for that year,** the board shall **increase do the following:**

(1) For calendar years 2008 and 2009, decrease for that year the percentages used to determine a taxpayer's property tax replacement credit amount and the homestead credit percentage applicable under IC 6-1.1-20.9-2 so that the total amount of property tax replacement credits granted in Indiana under section 5 of this chapter and homestead credits granted in Indiana under IC 6-1.1-20.9-2 **at least equals does not exceed the total amount appropriated for those purposes for that year.** determined under subsection (b). In making adjustments under this subsection, the board shall increase percentages, in the following order until the total of property tax replacement credits granted under section 5 of this chapter and homestead credits granted under IC 6-1.1-20.9-2 for the year at least equals the amount determined under subsection (b):

(1) The homestead credit percentage specified in IC 6-1.1-20.9-2 until the homestead percentage reaches the lesser of:

(A) thirty percent (30%); or

(B) the percentage at which the total of property tax replacement credits granted under section 5 of this chapter and homestead credits granted under IC 6-1.1-20.9-2 for the year at least equals the amount determined under subsection (b).

(2) If the amount determined under subsection (b) is not

exceeded after increasing the homestead percentage under subdivision (1); the board shall increase the property tax replacement credit percentage specified in section 2(j)(1) and 2(1)(1) of this chapter until the property tax replacement percentage reaches the lesser of:

(A) seventy percent (70%); or

(B) the percentage at which the total of property tax replacement credits granted under section 5 of this chapter and homestead credits granted under IC 6-1.1-20.9-2 for the year, as adjusted under this subsection, at least equals the amount determined under subsection (b):

(3) If the amount determined under subsection (b) is not exceeded after making all possible increases in credit percentages under subdivisions (1) and (2); the board shall increase the property tax replacement credit percentages specified in section 2(j)(2); 2(j)(3); 2(1)(2); and 2(1)(3) of this chapter to the percentage at the total of property tax replacement credits granted under section 5 of this chapter and homestead credits granted under IC 6-1.1-20.9-2 for the year, as adjusted under this subsection, at least equals the amount determined under subsection (b):

(2) For calendar years 2010 and thereafter, decrease for that year in the same proportions:

(A) the percentages used to determine a taxpayer's property tax replacement credit amount; and

(B) and the homestead credit percentage applicable under IC 6-1.1-20.9-2;

so that the total amount of property tax replacement credits granted in Indiana under section 5 of this chapter and homestead credits granted in Indiana under IC 6-1.1-20.9-2 does not exceed the total amount appropriated for those purposes for that year.

~~(d)~~ **(b)** The adjusted percentages set under subsection ~~(c)~~: **(a)**:

(1) are the percentages that apply under:

(A) section 5 of this chapter to determine a taxpayer's property tax replacement credit amount; and

(B) IC 6-1.1-20.9-2 to determine a taxpayer's homestead credit; and

(2) must be used by the:

(A) department in estimating the eligible property tax replacement amount under section 3 of this chapter; and

(B) department of local government finance in making its certification under section 3(b) of this chapter;

and for all other purposes under this chapter and IC 6-1.1-20.9 related to distributions under this chapter;

for the particular year covered by a budget agency's determination under subsection ~~(c)~~: **(a)**.

SECTION 297. IC 6-1.1-21-4, AS AMENDED BY P.L.228-2005, SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) Each year the department shall allocate from the property tax replacement fund an amount equal to the sum of:

(1) each county's total eligible property tax replacement amount for that year; plus

(2) the total amount of homestead tax credits that are provided under IC 6-1.1-20.9 and allowed by each county for that year; plus

(3) an amount for each county that has one (1) or more taxing districts that contain all or part of an economic development district that meets the requirements of section 5.5 of this chapter. This amount is the sum of the amounts determined under the following STEPS for all taxing districts in the county that contain all or part of an economic development district:

STEP ONE: Determine that part of the sum of the amounts under section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of the subdivision (1) amount that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

(b) Except as provided in subsection (e), between March 1 and August 31 of each year, the department shall distribute to each county treasurer from the property tax replacement fund one-half (½) of the estimated distribution for that year for the county. Between September 1 and December 15 of that year, the department shall distribute to each county treasurer from the property tax replacement fund the remaining one-half (½) of each estimated distribution for that year. The amount of the distribution for each of these periods shall be according to a schedule determined by the property tax replacement fund board under section 10 of this chapter. The estimated distribution for each county may be adjusted from time to time by the department to reflect any changes in the total county tax levy upon which the estimated distribution is based.

(c) On or before December 31 of each year or as soon thereafter as possible, the department shall make a final determination of the amount which should be distributed from the property tax replacement fund to each county for that calendar year. This determination shall be known as the final determination of distribution. The department shall distribute to the county treasurer or, **except as provided in section 9 of this chapter**, receive back from the county treasurer any deficit or excess, as the case may be, between the sum of the distributions made for that calendar year based on the estimated distribution and the final determination of distribution. The final determination of distribution shall be based on the auditor's abstract filed with the auditor of state, adjusted for postabstract adjustments included in the December settlement sheet for the year, and such additional information as the department may require.

(d) All distributions provided for in this section shall be made on warrants issued by the auditor of state drawn on the treasurer of state. If the amounts allocated by the department from the property tax replacement fund exceed in the aggregate the balance of money in the fund, then the amount of the deficiency shall be transferred

from the state general fund to the property tax replacement fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the payment of that amount. However, any amount transferred under this section from the general fund to the property tax replacement fund shall, as soon as funds are available in the property tax replacement fund, be retransferred from the property tax replacement fund to the state general fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the replacement of that amount.

(e) Except as provided in subsection (g) and subject to subsection (h), the department shall not distribute under subsection (b) and section 10 of this chapter a percentage, determined by the department, of the money that would otherwise be distributed to the county under subsection (b) and section 10 of this chapter if:

- (1) by the date the distribution is scheduled to be made, the county auditor has not sent a certified statement required to be sent by that date under IC 6-1.1-17-1 to the department of local government finance;
- (2) by the deadline under IC 36-2-9-20, the county auditor has not transmitted data as required under that section;
- (3) the county assessor has not forwarded to the department of local government finance the duplicate copies of all approved exemption applications required to be forwarded by that date under IC 6-1.1-11-8(a);
- (4) the county assessor has not forwarded to the department of local government finance in a timely manner sales disclosure forms under IC 6-1.1-5-3(b);
- (5) local assessing officials have not provided information to the department of local government finance in a timely manner under IC 4-10-13-5(b);
- (6) the county auditor has not paid a bill for services under IC 6-1.1-4-31.5 to the department of local government finance in a timely manner;
- (7) the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor has not transmitted to the department of local government finance by October 1 of the year in which the distribution is scheduled to be made the data for all townships in the county required to be transmitted under IC 6-1.1-4-25(b);
- (8) the county has not established a parcel index numbering system under 50 IAC 12-15-1 in a timely manner; or
- (9) a township or county official has not provided other information to the department of local government finance in a timely manner as required by the department.

(f) Except as provided in subsection (i), money not distributed for the reasons stated in subsection (e) shall be distributed to the county when the department of local government finance determines that the failure to:

- (1) provide information; or
- (2) pay a bill for services;

has been corrected.

(g) The restrictions on distributions under subsection (e) do not apply if the department of local government finance determines that

the failure to:

- (1) provide information; or
- (2) pay a bill for services;

in a timely manner is justified by unusual circumstances.

(h) The department shall give the county auditor at least thirty (30) days notice in writing before withholding a distribution under subsection (e).

(i) Money not distributed for the reason stated in subsection (e)(6) may be deposited in the fund established by IC 6-1.1-5.5-4.7(a). Money deposited under this subsection is not subject to distribution under subsection (f).

SECTION 298. IC 6-1.1-21-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) On or before October 15 of each year, each county auditor shall, make a settlement with the department as to the aggregate amount of property tax replacement credits extended to taxpayers in the auditor's county during the first eight (8) months of that same year. On or before December 31 of each year, each county auditor shall make a settlement with the department along with the filing of the county auditor's December settlement as to the aggregate amount of property tax replacement credits extended to taxpayers in the auditor's county during the last four (4) months of that same year. If the aggregate credits allowed during either period exceed the property tax replacement funds allocated and distributed to the county treasurer for that same period, as provided in sections 4 and 5 of this chapter, then the department shall certify the amount of the excess to the auditor of state who shall issue a warrant, payable from the property tax replacement fund, to the treasurer of the state ordering the payment of the excess to the county treasurer. If the distribution exceeds the aggregate credits, the county treasurer shall repay to the treasurer of the state the amount of the excess, which shall be redeposited in the property tax replacement fund.

(b) In making the settlement required by subsection (a), the county auditor shall recognize the fact that any loss of revenue resulting from the provision of homestead credits in excess of the percentage credit allowed in IC 6-1.1-20.9-2(d) must be paid from county option income revenues.

(c) Except as otherwise provided in this chapter, the state board of accounts with the cooperation of the department shall prescribe the accounting forms, records, and procedures required to carry out the provisions of this chapter.

(d) Not later than November 15 of each year, the budget agency shall determine whether the amount distributed to counties under section 10 of this chapter for state property tax replacement credits and state homestead credits is less than the amount available, as determined by the budget agency, from the appropriation to the property tax replacement board for distribution as state property tax replacement credits and state homestead credits. If the amount distributed is less than the available appropriation, the budget agency shall apportion the excess among the counties in proportion to the final determination of state property tax replacement credits and state homestead credits for each county and certify the excess amount for each county to the department and the department of local government finance. The department shall distribute

the certified additional amount for a county to the county treasurer before December 15 of the year. Not later than December 31 in the year, the county treasurer shall allocate the certified additional amount among the taxing units in the county in proportion to the part of the total county tax levy imposed by each taxing unit. The taxing unit shall deposit the allocated amount in the taxing unit's levy excess fund under established under IC 6-1.1-18.5-17 or IC 20-40-10. The allocated amount shall be treated in the same manner as a levy excess (as defined in IC 6-1.1-18.5-17 and IC 20-44-3-2) and shall be used only to reduce the part of the county tax levy imposed by the taxing unit in the immediately following year.

SECTION 299. [EFFECTIVE JULY 1, 2007] There is appropriated ten million dollars (\$10,000,000) from the build Indiana fund under IC 4-30-17 to the Indiana finance authority to provide funding for the construction or financing of public water supply systems serving Ripley, Decatur, and Jennings counties, beginning July 1, 2007, and ending June 30, 2009. The purposes for which the appropriation may be used include use of the appropriation by the Indiana finance authority to hire engineers, financial analysts and other experts to investigate problems with the availability or quality of public water and develop proposed solutions. After review by the budget committee the Indiana finance authority may enter into agreements and take any actions necessary to finance projects designed to improve the availability and delivery of water to the public, including the distribution of one (1) or more grants to an entity providing water in any combination of Ripley County, Decatur County, or Jennings County.

SECTION 300. [EFFECTIVE UPON PASSAGE] (a) The definitions in IC 6-1.1-1, IC 6-1.1-20.9, and IC 6-1.1-21 apply throughout this SECTION.

(b) Subject to appropriation of money from the property tax reduction trust fund for an additional 2007 homestead credit, the department of local government finance shall calculate and certify to the department of state revenue and the county auditor of each county an additional homestead credit amount for property taxes first due and payable in 2007. The additional homestead credit shall be paid as a refund as provided in this SECTION for part of the tax liability (as defined in IC 6-1.1-21-5) imposed on the taxpayer's homestead for the March 1, 2006, or January 15, 2007, assessment date. The department of local government finance shall make the certification based on the best information available at the time the certification is made. Not later than November 1, 2007, the department of state revenue shall distribute to the county treasurer of each county the amount certified for the county under this subsection. The county treasurer shall deposit the amount distributed in a separate account and use the money only for the purposes of providing property tax refunds under this SECTION.

(c) At the same time as the department of local government finance makes the certification under subsection (b), the department of local government finance shall certify to the

county auditor of each county the percentage that would apply in each taxing district to provide an additional 2007 homestead credit to taxpayers in the taxing district. The county auditor shall use the certified percentage to determine the amount of the refund due to each taxpayer. The county auditor shall certify the amount of the refund for each taxpayer to the county treasurer not later than the December 20, 2007, settlement date. IC 6-1.1-26 does not apply to a refund granted under this SECTION. The amount of the refund is equal to the lesser of the following:

- (1) The amount of the taxpayer's tax liability (as defined in IC 6-1.1-21-5) on a homestead for the March 1, 2006, or January 15, 2007, assessment date, after the application of all other credits.
- (2) The additional 2007 homestead credit determined for the taxpayer.

The department of local government finance, the department of state revenue, and the property tax replacement fund board shall take the actions necessary to carry out this SECTION.

(d) The amount of the refund shall be applied first against any delinquent property taxes owed in the county by the taxpayer. The county auditor shall issue a warrant for or authorize disbursement by electronic transfer of the remainder of the refund. The refund shall be:

- (1) mailed to the last known address of each person liable for any property taxes or special assessment, as shown on the tax duplicate or special assessment records, or to the last known address of the most recent owner shown in the transfer book; or
- (2) transmitted by written, electronic, or other means to a mortgagee maintaining an escrow account for a person who is liable for any property taxes or special assessments, as shown on the tax duplicate or special assessment records.

(e) In addition, the county auditor shall mail to the last known address of each person liable for any property taxes or special assessment on each homestead in the county, as shown on the tax duplicate or special assessment records, or to the last known address of the most recent owner shown in the transfer book a written explanation of the refund. The explanation must include the amount of the refund specified in the following statement in at least 12 point type:

"A portion of your local property taxes due in 2007 are being refunded due to tax relief provided by the Indiana General Assembly. Your refund is in the amount of \$_____ (insert amount of refund). If you did not receive a check because you pay your property taxes through an escrow account along with your mortgage, your lender will receive the refund and should adjust your payments accordingly."

(f) Any part of the amount distributed to a county under this SECTION that is not applied or refunded as provided in this SECTION shall be transferred to the auditor of state for deposit in the property tax reduction trust fund.

(g) This SECTION expires January 1, 2009.

SECTION 301. [EFFECTIVE UPON PASSAGE] (a) The definitions in IC 6-1.1-1, IC 6-1.1-20.9, and IC 6-1.1-21 apply throughout this SECTION.

(b) Subject to appropriation of money from the property tax reduction trust fund for an additional 2008 homestead credit, the department of local government finance shall calculate and certify to the department of state revenue and the county auditor of each county an additional homestead credit amount for property taxes first due and payable in 2008. The department of local government finance shall certify to the county auditor of each county the percentage that will apply in each taxing district to provide the additional 2008 homestead credit to taxpayers in the taxing district. The department of local government finance, the department of state revenue, and the property tax replacement fund board shall take the actions necessary to apply the additional 2008 homestead credit under this SECTION.

(c) This SECTION expires July 1, 2009.

SECTION 302. IC 4-33-6-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) In granting a license under this chapter, the commission may give favorable consideration to the following:

- (1) Economically depressed areas of Indiana.
- (2) Applicants presenting plans that provide for significant economic development over a large geographic area.

(b) This subsection applies to any owner's license issued for a city described in section 1(a)(1) of this chapter. The commission must require the applicant to provide assurances that economic development will occur in the city and that adequate infrastructure and site preparation will be provided to support the riverboat operation. In order to prove the assurance that economic development will occur, the applicant must:

- (1) construct or provide for the construction of an approved hotel; or
- (2) cause economic development that will have an economic impact on the city that exceeds the economic impact that the construction of an approved hotel would have.

(c) This subsection applies to an owner's license issued for the City of East Chicago. If a controlling interest in the owner's license is transferred, the fiscal body of the City of East Chicago may adopt an ordinance voiding any term of the development agreement (as defined by IC 36-1-8-9.5) between:

- (1) the city; and
- (2) the person transferring the controlling interest in the owner's license;

that is in effect as of the date the controlling interest is transferred. The ordinance may provide for any payments made under the redevelopment agreement, including those held in escrow, to be redirected to the City of East Chicago for use as directed by ordinance of the city fiscal body. A requirement to redirect a payment is valid to the same extent as if the requirement had been part of the original agreement. If the ordinance provides for the voiding and renegotiation of any part of a redevelopment agreement, the mayor of the City of

East Chicago may negotiate with the person acquiring a controlling interest in the owner's license to replace any terms voided by the ordinance. Terms negotiated under this subsection must be ratified in an ordinance adopted by the city legislative body.

SECTION 303. IC 20-12-1-12, AS ADDED BY P.L.246-2005, SECTION 123, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) This section applies notwithstanding IC 20-12-23-2, IC 20-12-36-4, IC 20-12-56-5, IC 20-12-57.5-11, and IC 20-12-64-5.

(b) As used in this section, "academic year" has the meaning set forth in IC 20-12-76-1.

(c) As used in this section, "state educational institution" has the meaning set forth in IC 20-12-0.5-1.

(d) **Subject to subsection (h)**, a state educational institution shall set tuition and fee rates for a two (2) year period. The rates shall be set according to the procedure set forth in subsection (e) and:

- (1) on or before ~~May~~ **June** 30 of the odd numbered year; or
 - (2) ~~thirty (30)~~ **sixty (60)** days after the state budget bill is enacted into law;
- whichever is later.

(e) A state educational institution shall hold a public hearing before adopting any proposed tuition and fee rate increases. The state educational institution shall give public notice of the hearing at least ten (10) days before the hearing. The public notice shall include the specific proposal for tuition and fee rate increases and the expected uses of the revenue to be raised by the proposed increases. The hearing shall be held:

- (1) on or before ~~May 15~~ **31** of each odd numbered year; or
 - (2) ~~fifteen (15)~~ **thirty-one (31)** days after the state budget bill is enacted into law;
- whichever is later.

(f) After a state educational institution's tuition and fee rates are set under this section, the state educational institutions may adjust the tuition and fee rates only if appropriations to the state educational institution in the state budget act are reduced or withheld.

(g) If a state educational institution adjusts its tuition and fee rates under subsection (f), the total revenue generated by the tuition and fee rate adjustment must not exceed the amount by which appropriations to the state educational institution in the state budget act were reduced or withheld.

(h) For tuition and fees set by a state educational institution before July 1, 2007, a state educational institution must appear before the state budget committee before June 30, 2007. The state budget committee shall review the tuition and fees proposed by the state educational institution under subsection (e).

(i) After July 1, 2007, the commission for higher education shall recommend biennially nonbinding tuition targets based on the mission of the state educational institution. The board of trustees of a state educational institution may set a tuition rate that exceeds the tuition target only if the proposed tuition rate is reviewed by both the commission for higher education and the state budget committee before the later of the following:

(1) June 30 in the odd-numbered year.

(2) Sixty (60) days after the state budget is adopted for the biennium beginning in the odd-numbered year.

SECTION 304. IC 10-11-2-27 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 27. (a) The board shall categorize salaries of motor carrier inspectors within each rank based upon the rank held and the number of years of service in the department through the tenth year. The salary ranges the board assigns to each rank shall be divided into a base salary and ten (10) increments above the base salary, with:

- (1) the base salary in the rank paid to a person with less than one (1) year of service in the department; and
- (2) the highest salary in the rank paid to a person with at least ten (10) years of service in the department.

(b) For purposes of creating the salary matrix prescribed by this section, the board may not approve salary ranges for any rank that are less than the salary ranges effective for that rank on January 1, 1995.

(c) The salary matrix prescribed by this section:

- (1) shall be reviewed and approved by the budget agency before implementation; and**
- (2) must include the job classifications of motor carrier district coordinator, motor carrier zone coordinator, and motor carrier administrator.**

~~(d) The money needed to fund the salaries resulting from the matrix prescribed by this section must come from the appropriation from the professional and technical equity fund:~~

SECTION 305. IC 7.1-2-2-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13. (a) The alcohol and tobacco commission shall categorize salaries of enforcement officers within each rank based upon the rank held and the number of years of service in the commission through the ~~tenth twentieth~~ year. The salary ranges that the board assigns to each rank shall be divided into a base salary and ~~ten (10) twenty (20)~~ increments above the base salary with:

- (1) the base salary in the rank paid to a person with less than one (1) year of service in the commission; and
- (2) the highest salary in the rank paid to a person with at least ~~ten (10) twenty (20)~~ years of service in the commission.

~~(b) For purposes of creating the salary matrix prescribed by this section, the alcohol and tobacco commission may not approve salary ranges for any rank that are less than the salary ranges effective for that rank on January 1, 1995.~~

~~(c) (b)~~ The salary matrix prescribed by this section shall be reviewed and approved by the budget agency before implementation.

~~(d) The money needed to fund the salaries resulting from the matrix prescribed by this section shall come from the state general fund:~~

~~(c) (c)~~ The salary matrix prescribed by this section must have parity with the salary matrix prescribed by the natural resources commission under IC 14-9-8 for conservation officers of the department of natural resources. The budget agency shall approve a salary matrix that meets the parity requirement of this subsection.

SECTION 306. IC 10-11-2-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13. (a) The board shall categorize salaries of police employees within each rank based upon the rank held and the number of years of service in the department through the ~~tenth twentieth~~ year. The salary ranges the board assigns to each rank shall be divided into a base salary and ~~ten (10) twenty (20)~~ increments above the base salary, with:

- (1) the base salary in the rank paid to a person with less than one (1) year of service in the department; and
- (2) the highest salary in the rank paid to a person with at least ~~ten (10) twenty (20)~~ years of service in the department.

~~(b) For purposes of creating the salary matrix prescribed by this section, the board may not approve salary ranges for any rank that are less than the salary ranges effective for that rank on January 1, 1995.~~

~~(c) (b)~~ The salary matrix prescribed by this section shall be reviewed and approved by the budget agency before implementation.

SECTION 307. IC 14-9-8-28 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 28. (a) The natural resources commission shall categorize salaries of enforcement officers within each rank based upon the rank held and the number of years of service in the department through the ~~tenth twentieth~~ year. The salary ranges that the commission assigns to each rank shall be divided into a base salary and ~~ten (10) twenty (20)~~ increments above the base salary with:

- (1) the base salary in the rank paid to a person with less than one (1) year of service in the department; and
- (2) the highest salary in the rank paid to a person with at least ~~ten (10) twenty (20)~~ years of service in the department.

~~(b) For purposes of creating the salary matrix prescribed by this section, the natural resources commission may not approve salary ranges for any rank that are less than the salary ranges effective for that rank on January 1, 1995.~~

~~(c) (b)~~ The salary matrix prescribed by this section shall be reviewed and approved by the state budget agency before implementation.

~~(d) (c)~~ The salaries for law enforcement officers of the law enforcement division of the department must be equal to the salaries of police employees of the state police department under IC 10-11-2-13, based upon years of service in the department and rank held.

~~(e) The money needed to fund the salaries resulting from the matrix prescribed by this section shall come from the appropriation from the professional and technical equity fund:~~

- ~~(f) (d)~~ The requirement of subsection ~~(d) (c)~~ does not affect:
 - (1) any rights or liabilities accrued; or
 - (2) any proceedings begun;

on or before June 30, 1999. Those rights, liabilities, and proceedings continue and shall be imposed and enforced under prior civil law and procedure as if the requirement of subsection ~~(d) (c)~~ had not been enacted.

SECTION 308. **An emergency is declared for this act.**
(Reference is to EHB 1001 as reprinted April 11, 2007.)

Crawford, Chair	Meeks
Cochran	Mrvan
House Conferees	Senate Conferees

Roll Call 551: yeas 41, nays 9. Report adopted.

SPECIAL ORDER OF BUSINESS

The hour of 11:23 p.m. on April 29, 2007, Conference Committee Report EHB 1478-2 was taken up.

CONFERENCE COMMITTEE REPORT

EHB 1478-2

Madam President: Your Conference Committee appointed to confer with a like committee from the House upon Engrossed Senate Amendments to Engrossed House Bill 1478 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 3-8-1-23.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY 1, 2007]: **Sec. 23.5. A candidate for election as a member of the county board of tax and capital projects review in 2008 and thereafter must have resided in the county for at least one (1) year before the election.**

SECTION 2. IC 3-11-2-12.8 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY 1, 2007]: **Sec. 12.8. (a) County board of tax and capital projects review offices to be elected at the general election shall be placed on the general election ballot after the offices described in sections 12 and 12.9 of this chapter.**

(b) County board of tax and capital projects review offices shall be placed in a separate column on the ballot.

(c) If the ballot contains a candidate for a county board of tax and capital projects review office, the ballot must also contain a statement that reads substantially as follows: "To vote for a candidate for this office, make a voting mark on or in the square to the left of the candidate's name. Vote for not more than two (2) candidates for this office."

SECTION 3. IC 6-1.1-12-37, AS AMENDED BY P.L.162-2006, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 37. (a) Each year a person who is entitled to receive the homestead credit provided under IC 6-1.1-20.9 for property taxes payable in the following year is entitled to a standard deduction from the assessed value of the real property, mobile home not assessed as real property, or manufactured home not assessed as real property that qualifies for**

the homestead credit. The auditor of the county shall record and make the deduction for the person qualifying for the deduction.

(b) Except as provided in section 40.5 of this chapter, the total amount of the deduction that a person may receive under this section for a particular year is the lesser of:

- (1) one-half (1/2) of the assessed value of the real property, mobile home not assessed as real property, or manufactured home not assessed as real property; or
- (2) for property taxes first due and payable:
 - (A) before January 1, 2007, thirty-five thousand dollars (\$35,000);
 - (B) after December 31, 2006, and before January 1, ~~2008~~, **2009**, forty-five thousand dollars (\$45,000); ~~and~~
 - (C) after December 31, ~~2007~~, ~~thirty-five thousand dollars (\$35,000)~~, **2008, and before January 1, 2010, forty-four thousand dollars (\$44,000);**
 - (D) after December 31, **2009, and before January 1, 2011, forty-three thousand dollars (\$43,000);**
 - (E) after December 31, **2010, and before January 1, 2012, forty-two thousand dollars (\$42,000);**
 - (F) after December 31, **2011, and before January 1, 2013, forty-one thousand dollars (\$41,000); and**
 - (G) after December 31, **2012, forty thousand dollars (\$40,000).**

(c) A person who has sold real property, a mobile home not assessed as real property, or a manufactured home not assessed as real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property, mobile home, or manufactured home may not claim the deduction provided under this section with respect to that real property, mobile home, or manufactured home.

SECTION 4. IC 6-1.1-12.1-1, AS AMENDED BY P.L.154-2006, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]:

Sec. 1. For purposes of this chapter:

- (1) "Economic revitalization area" means an area which is within the corporate limits of a city, town, or county which has become undesirable for, or impossible of, normal development and occupancy because of a lack of development, cessation of growth, deterioration of improvements or character of occupancy, age, obsolescence, substandard buildings, or other factors which have impaired values or prevent a normal development of property or use of property. The term "economic revitalization area" also includes:
 - (A) any area where a facility or a group of facilities that are technologically, economically, or energy obsolete are located and where the obsolescence may lead to a decline in employment and tax revenues; and
 - (B) a residentially distressed area, except as otherwise provided in this chapter.
- (2) "City" means any city in this state, and "town" means any town incorporated under IC 36-5-1.
- (3) "New manufacturing equipment" means tangible personal property that a deduction applicant:

(A) installs after February 28, 1983, and on or before the approval deadline determined under section 9 of this chapter, in an area that is declared an economic revitalization area after February 28, 1983, in which a deduction for tangible personal property is allowed;

(B) uses in the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining, or finishing of other tangible personal property, including but not limited to use to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products;

(C) acquires **for use as described in clause (B):**

(i) in an arms length transaction from an entity that is not an affiliate of the deduction applicant, ~~for use as described in clause (B); and if the tangible personal property has been previously used in Indiana before the installation described in clause (A); or~~

(ii) in any manner, if the tangible personal property has never been previously used in Indiana before the installation described in clause (A); and

(D) **has** never used for any purpose in Indiana before the installation described in clause (A).

However, notwithstanding any other law, the term includes tangible personal property that is used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products and was installed after March 1, 1993, and before March 2, 1996, even if the property was installed before the area where the property is located was designated as an economic revitalization area or the statement of benefits for the property was approved by the designating body.

(4) "Property" means a building or structure, but does not include land.

(5) "Redevelopment" means the construction of new structures, in economic revitalization areas, either:

(A) on unimproved real estate; or

(B) on real estate upon which a prior existing structure is demolished to allow for a new construction.

(6) "Rehabilitation" means the remodeling, repair, or betterment of property in any manner or any enlargement or extension of property.

(7) "Designating body" means the following:

(A) For a county that does not contain a consolidated city, the fiscal body of the county, city, or town.

(B) For a county containing a consolidated city, the metropolitan development commission.

(8) "Deduction application" means:

(A) the application filed in accordance with section 5 of this chapter by a property owner who desires to obtain the deduction provided by section 3 of this chapter;

(B) the application filed in accordance with section 5.4 of this chapter by a person who desires to obtain the deduction provided by section 4.5 of this chapter; or

(C) the application filed in accordance with section 5.3 of this chapter by a property owner that desires to obtain the deduction provided by section 4.8 of this chapter.

(9) "Designation application" means an application that is filed with a designating body to assist that body in making a determination about whether a particular area should be designated as an economic revitalization area.

(10) "Hazardous waste" has the meaning set forth in IC 13-11-2-99(a). The term includes waste determined to be a hazardous waste under IC 13-22-2-3(b).

(11) "Solid waste" has the meaning set forth in IC 13-11-2-205(a). However, the term does not include dead animals or any animal solid or semisolid wastes.

(12) "New research and development equipment" means tangible personal property that:

(A) a deduction applicant installs after June 30, 2000, and on or before the approval deadline determined under section 9 of this chapter, in an economic revitalization area in which a deduction for tangible personal property is allowed;

(B) consists of:

(i) laboratory equipment;

(ii) research and development equipment;

(iii) computers and computer software;

(iv) telecommunications equipment; or

(v) testing equipment;

(C) the deduction applicant uses in research and development activities devoted directly and exclusively to experimental or laboratory research and development for new products, new uses of existing products, or improving or testing existing products;

(D) the deduction applicant acquires **for purposes described in this subdivision:**

(i) in an arms length transaction from an entity that is not an affiliate of the deduction applicant, ~~for purposes described in this subdivision; and if the tangible personal property has been previously used in Indiana before the installation described in clause (A); or~~

(ii) in any manner, if the tangible personal property has never been previously used in Indiana before the installation described in clause (A); and

(E) the deduction applicant **has** never used for any purpose in Indiana before the installation described in clause (A).

The term does not include equipment installed in facilities used for or in connection with efficiency surveys, management studies, consumer surveys, economic surveys, advertising or promotion, or research in connection with literacy, history, or similar projects.

(13) "New logistical distribution equipment" means tangible personal property that:

(A) a deduction applicant installs after June 30, 2004, and on or before the approval deadline determined under section 9 of this chapter, in an economic revitalization area

in which a deduction for tangible personal property is allowed;

(B) consists of:

- (i) racking equipment;
- (ii) scanning or coding equipment;
- (iii) separators;
- (iv) conveyors;
- (v) fork lifts or lifting equipment (including "walk behinds");
- (vi) transitional moving equipment;
- (vii) packaging equipment;
- (viii) sorting and picking equipment; or
- (ix) software for technology used in logistical distribution;

(C) the deduction applicant acquires **for the storage or distribution of goods, services, or information:**

- (i) in an arms length transaction from an entity that is not an affiliate of the deduction applicant, ~~and uses for the storage or distribution of goods, services, or information; and if the tangible personal property has been previously used in Indiana before the installation described in clause (A); and~~
- (ii) in any manner, if the tangible personal property has never been previously used in Indiana before the installation described in clause (A); and

(D) the deduction applicant ~~has~~ never used for any purpose in Indiana before the installation described in clause (A).

(14) "New information technology equipment" means tangible personal property that:

(A) a deduction applicant installs after June 30, 2004, and on or before the approval deadline determined under section 9 of this chapter, in an economic revitalization area in which a deduction for tangible personal property is allowed;

(B) consists of equipment, including software, used in the fields of:

- (i) information processing;
- (ii) office automation;
- (iii) telecommunication facilities and networks;
- (iv) informatics;
- (v) network administration;
- (vi) software development; and
- (vii) fiber optics;

(C) the deduction applicant acquires in an arms length transaction from an entity that is not an affiliate of the deduction applicant; and

(D) the deduction applicant never used for any purpose in Indiana before the installation described in clause (A).

(15) "Deduction applicant" means an owner of tangible personal property who makes a deduction application.

(16) "Affiliate" means an entity that effectively controls or is controlled by a deduction applicant or is associated with a deduction applicant under common ownership or control, whether by shareholdings or other means.

(17) "Eligible vacant building" means a building that:

- (A) is zoned for commercial or industrial purposes; and
- (B) is unoccupied for at least one (1) year before the owner of the building or a tenant of the owner occupies the building, as evidenced by a valid certificate of occupancy, paid utility receipts, executed lease agreements, or any other evidence of occupation that the department of local government finance requires.

SECTION 5. IC 6-1.1-17-3, AS AMENDED BY P.L.162-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) The proper officers of a political subdivision shall formulate its estimated budget and its proposed tax rate and tax levy on the form prescribed by the department of local government finance and approved by the state board of accounts. The political subdivision shall give notice by publication to taxpayers of:

- (1) the estimated budget;
- (2) the estimated maximum permissible levy;
- (3) the current and proposed tax levies of each fund; and
- (4) the amounts of excessive levy appeals to be requested.

In the notice, the political subdivision shall also state the time and place at which a public hearing will be held on these items. The notice shall be published twice in accordance with IC 5-3-1 with the first publication at least ten (10) days before the date fixed for the public hearing. Beginning in 2009, the duties required by this subsection must be completed before August 10 of the calendar year. A political subdivision shall provide the estimated budget and levy information required for the notice under subsection (b) to the county auditor on the schedule determined by the department of local government finance.

(b) Beginning in 2009, before August 10 of a calendar year, the county auditor shall mail to the last known address of each person liable for any property taxes, as shown on the tax duplicate, or to the last known address of the most recent owner shown in the transfer book, a statement that includes:

- (1) the assessed valuation as of the assessment date in the current calendar year of tangible property on which the person will be liable for property taxes first due and payable in the immediately succeeding calendar year and notice to the person of the opportunity to appeal the assessed valuation under IC 6-1.1-15-1(b);
- (2) the amount of property taxes for which the person will be liable to each political subdivision on the tangible property for taxes first due and payable in the immediately succeeding calendar year, taking into account all factors that affect that liability, including:

- (A) the estimated budget and proposed tax rate and tax levy formulated by the political subdivision under subsection (a);
- (B) any deductions or exemptions that apply to the assessed valuation of the tangible property;
- (C) any credits that apply in the determination of the tax liability; and

(D) the county auditor's best estimate of the effects on the tax liability that might result from actions of:

(i) the county board of tax adjustment (**before January 1, 2009**) or the county board of tax and capital projects review (**after December 31, 2008**); or

(ii) the department of local government finance;

(3) a prominently displayed notation that:

(A) the estimate under subdivision (2) is based on the best information available at the time the statement is mailed; and

(B) based on various factors, including potential actions by:

(i) the county board of tax adjustment (**before January 1, 2009**) or the county board of tax and capital projects review (**after December 31, 2008**); or

(ii) the department of local government finance;

it is possible that the tax liability as finally determined will differ substantially from the estimate;

(4) comparative information showing the amount of property taxes for which the person is liable to each political subdivision on the tangible property for taxes first due and payable in the current year; and

(5) the date, time, and place at which the political subdivision will hold a public hearing on the political subdivision's estimated budget and proposed tax rate and tax levy as required under subsection (a).

(c) The department of local government finance shall:

(1) prescribe a form for; and

(2) provide assistance to county auditors in preparing;

statements under subsection (b). Mailing the statement described in subsection (b) to a mortgagee maintaining an escrow account for a person who is liable for any property taxes shall not be construed as compliance with subsection (b).

(d) The board of directors of a solid waste management district established under IC 13-21 or IC 13-9.5-2 (before its repeal) may conduct the public hearing required under subsection (a):

(1) in any county of the solid waste management district; and

(2) in accordance with the annual notice of meetings published under IC 13-21-5-2.

(e) The trustee of each township in the county shall estimate the amount necessary to meet the cost of township assistance in the township for the ensuing calendar year. The township board shall adopt with the township budget a tax rate sufficient to meet the estimated cost of township assistance. The taxes collected as a result of the tax rate adopted under this subsection are credited to the township assistance fund.

(f) A county shall adopt with the county budget and the department of local government finance shall certify under section 16 of this chapter a tax rate sufficient to raise the levy necessary to pay the following:

(1) The cost of child services (as defined in IC 12-19-7-1) of the county payable from the family and children's fund.

(2) The cost of children's psychiatric residential treatment services (as defined in IC 12-19-7.5-1) of the county payable

from the children's psychiatric residential treatment services fund.

A budget, tax rate, or tax levy adopted by a county fiscal body or approved or modified by a county board of tax adjustment that is less than the levy necessary to pay the costs described in subdivision (1) or (2) shall not be treated as a final budget, tax rate, or tax levy under section 11 of this chapter.

SECTION 6. IC 6-1.1-17-5, AS AMENDED BY P.L.169-2006, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) The officers of political subdivisions shall meet each year to fix the budget, tax rate, and tax levy of their respective subdivisions for the ensuing budget year as follows:

(1) The fiscal body of a consolidated city and county, not later than the last meeting of the fiscal body in September.

(2) The fiscal body of a municipality, not later than September 30.

(3) The board of school trustees of a school corporation that is located in a city having a population of more than one hundred five thousand (105,000) but less than one hundred twenty thousand (120,000), not later than:

(A) the time required in section 5.6(b) of this chapter; or

(B) September 20 if a resolution adopted under section 5.6(d) of this chapter is in effect.

(4) The proper officers of all other political subdivisions, not later than September 20.

Except in a consolidated city and county and in a second class city, the public hearing required by section 3 of this chapter must be completed at least ten (10) days before the proper officers of the political subdivision meet to fix the budget, tax rate, and tax levy. In a consolidated city and county and in a second class city, that public hearing, by any committee or by the entire fiscal body, may be held at any time after introduction of the budget.

(b) Ten (10) or more taxpayers may object to a budget, tax rate, or tax levy of a political subdivision fixed under subsection (a) by filing an objection petition with the proper officers of the political subdivision not more than seven (7) days after the hearing. The objection petition must specifically identify the provisions of the budget, tax rate, and tax levy to which the taxpayers object.

(c) If a petition is filed under subsection (b), the fiscal body of the political subdivision shall adopt with its budget a finding concerning the objections in the petition and any testimony presented at the adoption hearing.

(d) This subsection does not apply to a school corporation. Each year at least two (2) days before the first meeting **after September 20** of the county board of tax adjustment (**before January 1, 2009**) or the county board of tax and capital projects review (**after December 31, 2008**) held under IC 6-1.1-29-4, a political subdivision shall file with the county auditor:

(1) a statement of the tax rate and levy fixed by the political subdivision for the ensuing budget year;

(2) two (2) copies of the budget adopted by the political subdivision for the ensuing budget year; and

(3) two (2) copies of any findings adopted under subsection (c).

Each year the county auditor shall present these items to the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** at the board's first meeting **under IC 6-1.1-29-4 after September 20 of that year.**

(e) In a consolidated city and county and in a second class city, the clerk of the fiscal body shall, notwithstanding subsection (d), file the adopted budget and tax ordinances with the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** within two (2) days after the ordinances are signed by the executive, or within two (2) days after action is taken by the fiscal body to override a veto of the ordinances, whichever is later.

(f) If a fiscal body does not fix the budget, tax rate, and tax levy of the political subdivisions for the ensuing budget year as required under this section, the most recent annual appropriations and annual tax levy are continued for the ensuing budget year.

SECTION 7. IC 6-1.1-17-5.6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5.6. (a) This section applies only to a school corporation that is located in a city having a population of more than one hundred five thousand (105,000) but less than one hundred twenty thousand (120,000).

(b) Before February 1 of each year, the officers of the school corporation shall meet to fix the budget for the school corporation for the ensuing budget year, with notice given by the same officers. However, if a resolution adopted under subsection (d) is in effect, the officers shall meet to fix the budget for the ensuing budget year before September 20.

(c) Each year, at least two (2) days before the first meeting **after September 20** of the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** held under IC 6-1.1-29-4, the school corporation shall file with the county auditor:

- (1) a statement of the tax rate and tax levy fixed by the school corporation for the ensuing budget year;
- (2) two (2) copies of the budget adopted by the school corporation for the ensuing budget year; and
- (3) any written notification from the department of local government finance under section 16(i) of this chapter that specifies a proposed revision, reduction, or increase in the budget adopted by the school corporation for the ensuing budget year.

Each year the county auditor shall present these items to the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** at the board's first meeting **after September 20 of that year.**

(d) The governing body of the school corporation may adopt a resolution to cease using a school year budget year and return to using a calendar year budget year. A resolution adopted under this subsection must be adopted after January 1 and before July 1. The school corporation's initial calendar year budget year following the adoption of a resolution under this subsection begins on January 1

of the year following the year the resolution is adopted. The first six (6) months of the initial calendar year budget for the school corporation must be consistent with the last six (6) months of the final school year budget fixed by the department of local government finance before the adoption of a resolution under this subsection.

(e) A resolution adopted under subsection (d) may be rescinded by a subsequent resolution adopted by the governing body. If the governing body of the school corporation rescinds a resolution adopted under subsection (d) and returns to a school year budget year, the school corporation's initial school year budget year begins on July 1 following the adoption of the rescinding resolution and ends on June 30 of the following year. The first six (6) months of the initial school year budget for the school corporation must be consistent with the last six (6) months of the last calendar year budget fixed by the department of local government finance before the adoption of a rescinding resolution under this subsection.

SECTION 8. IC 6-1.1-17-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) The county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall review the budget, tax rate, and tax levy of each political subdivision filed with the county auditor under section 5 or 5.6 of this chapter. The board shall revise or reduce, but not increase, any budget, tax rate, or tax levy in order:

- (1) to limit the tax rate to the maximum amount permitted under IC 6-1.1-18; and
- (2) to limit the budget to the amount of revenue to be available in the ensuing budget year for the political subdivision.

(b) The county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall make a revision or reduction in a political subdivision's budget only with respect to the total amounts budgeted for each office or department within each of the major budget classifications prescribed by the state board of accounts.

(c) When the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** makes a revision or reduction in a budget, tax rate, or tax levy, it shall file with the county auditor a written order which indicates the action taken. If the board reduces the budget, it shall also indicate the reason for the reduction in the order. The chairman of the county board shall sign the order.

SECTION 9. IC 6-1.1-17-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. If the boundaries of a political subdivision cross one (1) or more county lines, the budget, tax levy, and tax rate fixed by the political subdivision shall be filed with the county auditor of each affected county in the manner prescribed in section 5 or 5.6 of this chapter. The board of tax adjustment of the county which contains the largest portion of the value of property taxable by the political subdivision, as determined from the abstracts of taxable values last filed with the auditor of state, has jurisdiction over the budget, tax rate, and tax levy to the same extent as if the property taxable by the political

subdivision were wholly within the county. The secretary of the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall notify the county auditor of each affected county of the action of the board. Appeals from actions of the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** may be initiated in any affected county.

SECTION 10. IC 6-1.1-17-8, AS AMENDED BY P.L.2-2006, SECTION 37, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) If the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** determines that the maximum aggregate tax rate permitted within a political subdivision under IC 6-1.1-18 is inadequate, the county board shall, subject to the limitations prescribed in IC 20-45-4, file its written recommendations in duplicate with the county auditor. The board shall include with its recommendations:

- (1) an analysis of the aggregate tax rate within the political subdivision;
- (2) a recommended breakdown of the aggregate tax rate among the political subdivisions whose tax rates compose the aggregate tax rate within the political subdivision; and
- (3) any other information that the county board considers relevant to the matter.

(b) The county auditor shall forward one (1) copy of the county board's recommendations to the department of local government finance and shall retain the other copy in the county auditor's office. The department of local government finance shall, in the manner prescribed in section 16 of this chapter, review the budgets by fund, tax rates, and tax levies of the political subdivisions described in subsection (a)(2).

SECTION 11. IC 6-1.1-17-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) The county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall complete the duties assigned to it under this chapter on or before October 1st of each year, except that in a consolidated city and county and in a county containing a second class city, the duties of this board need not be completed until November 1 of each year.

(b) If the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** fails to complete the duties assigned to it within the time prescribed in this section or to reduce aggregate tax rates so that they do not exceed the maximum rates permitted under IC 6-1.1-18, the county auditor shall calculate and fix the tax rate within each political subdivision of the county so that the maximum rate permitted under IC 6-1.1-18 is not exceeded.

(c) When the county auditor calculates and fixes tax rates, ~~he~~ **the county auditor** shall send a certificate notice of ~~the rate he has fixed~~ those rates to each political subdivision of the county. ~~He~~ **The county auditor** shall send these notices within five (5) days after publication of the notice required by section 12 of this chapter.

(d) When the county auditor calculates and fixes tax rates, ~~his~~

that action shall be treated as if it were the action of the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)**.

SECTION 12. IC 6-1.1-17-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. When the aggregate tax rate within a political subdivision, as approved or modified by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)**, exceeds the maximum aggregate tax rate prescribed in IC 6-1.1-18-3(a), the county auditor shall certify the budgets, tax rates, and tax levies of the political subdivisions whose tax rates compose the aggregate tax rate within the political subdivision, as approved or modified by the county board, to the department of local government finance for final review. For purposes of this section, the maximum aggregate tax rate limit exceptions provided in IC 6-1.1-18-3(b) do not apply.

SECTION 13. IC 6-1.1-17-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 11. A budget, tax rate, or tax levy of a political subdivision, as approved or modified by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)**, is final unless:

- (1) action is taken by the county auditor in the manner provided under section 9 of this chapter;
- (2) the action of the county board is subject to review by the department of local government finance under section 8 or 10 of this chapter; or
- (3) an appeal to the department of local government finance is initiated with respect to the budget, tax rate, or tax levy.

SECTION 14. IC 6-1.1-17-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. As soon as the budgets, tax rates, and tax levies are approved or modified by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)**, the county auditor shall within fifteen (15) days prepare a notice of the tax rates to be charged on each one hundred dollars (\$100) of assessed valuation for the various funds in each taxing district. The notice shall also inform the taxpayers of the manner in which they may initiate an appeal of the county board's action. The county auditor shall post the notice at the county courthouse and publish it in two (2) newspapers which represent different political parties and which have a general circulation in the county.

SECTION 15. IC 6-1.1-17-14, AS AMENDED BY P.L.234-2005, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. The county auditor shall initiate an appeal to the department of local government finance if the county fiscal body, ~~or~~ **the county board of tax adjustment (before January 1, 2009), or the county board of tax and capital projects review (after December 31, 2008)** reduces:

- (1) a township assistance tax rate below the rate necessary to meet the estimated cost of township assistance;

(2) a family and children's fund tax rate below the rate necessary to collect the levy recommended by the department of child services; or

(3) a children's psychiatric residential treatment services fund tax rate below the rate necessary to collect the levy recommended by the department of child services.

SECTION 16. IC 6-1.1-17-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15. A political subdivision may appeal to the department of local government finance for an increase in its tax rate or tax levy as fixed by the county board of tax adjustment (**before January 1, 2009**), **the county board of tax and capital projects review (after December 31, 2008)**, or the county auditor. To initiate the appeal, the political subdivision must file a statement with the department of local government finance not later than ten (10) days after publication of the notice required by section 12 of this chapter. The legislative body of the political subdivision must authorize the filing of the statement by adopting a resolution. The resolution must be attached to the statement of objections, and the statement must be signed by the following officers:

(1) In the case of counties, by the board of county commissioners and by the president of the county council.

(2) In the case of all other political subdivisions, by the highest executive officer and by the presiding officer of the legislative body.

SECTION 17. IC 6-1.1-18-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. The state may not impose a tax rate on tangible property in excess of thirty-three hundredths of one cent (\$0.0033) on each one hundred dollars (\$100) of assessed valuation. The state tax rate is not subject to review by county boards of tax adjustment (**before January 1, 2009**), **county boards of tax and capital projects review (after December 31, 2008)**, or county auditors. This section does not apply to political subdivisions of the state.

SECTION 18. IC 6-1.1-18-3, AS AMENDED BY P.L.2-2006, SECTION 41, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) Except as provided in subsection (b), the sum of all tax rates for all political subdivisions imposed on tangible property within a political subdivision may not exceed:

(1) forty-one and sixty-seven hundredths cents (\$0.4167) on each one hundred dollars (\$100) of assessed valuation in territory outside the corporate limits of a city or town; or

(2) sixty-six and sixty-seven hundredths cents (\$0.6667) on each one hundred dollars (\$100) of assessed valuation in territory inside the corporate limits of a city or town.

(b) The proper officers of a political subdivision shall fix tax rates which are sufficient to provide funds for the purposes itemized in this subsection. The portion of a tax rate fixed by a political subdivision shall not be considered in computing the tax rate limits prescribed in subsection (a) if that portion is to be used for one (1) of the following purposes:

(1) To pay the principal or interest on a funding, refunding, or judgment funding obligation of the political subdivision.

(2) To pay the principal or interest on an outstanding obligation issued by the political subdivision if notice of the sale of the obligation was published before March 9, 1937.

(3) To pay the principal or interest upon:

(A) an obligation issued by the political subdivision to meet an emergency which results from a flood, fire, pestilence, war, or any other major disaster; or

(B) a note issued under IC 36-2-6-18, IC 36-3-4-22, IC 36-4-6-20, or IC 36-5-2-11 to enable a city, town, or county to acquire necessary equipment or facilities for municipal or county government.

(4) To pay the principal or interest upon an obligation issued in the manner provided in IC 6-1.1-20-3 (before its repeal) or IC 6-1.1-20-3.1 through IC 6-1.1-20-3.2.

(5) To pay a judgment rendered against the political subdivision.

(6) To meet the requirements of the family and children's fund for child services (as defined in IC 12-19-7-1).

(7) To meet the requirements of the county hospital care for the indigent fund.

(8) To meet the requirements of the children's psychiatric residential treatment services fund for children's psychiatric residential treatment services (as defined in IC 12-19-7.5-1).

(c) Except as otherwise provided in IC 6-1.1-19, IC 6-1.1-18.5, IC 20-45, or IC 20-46, a county board of tax adjustment (**before January 1, 2009**), **a county board of tax and capital projects review (after December 31, 2008)**, a county auditor, or the department of local government finance may review the portion of a tax rate described in subsection (b) only to determine if it exceeds the portion actually needed to provide for one (1) of the purposes itemized in that subsection.

SECTION 19. IC 6-1.1-18.5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) As used in this section, "Indiana nonfarm personal income" means the estimate of total nonfarm personal income for Indiana in a calendar year as computed by the federal Bureau of Economic Analysis using any actual data for the calendar year and any estimated data determined appropriate by the federal Bureau of Economic Analysis.

(b) **Subject to subsection (c)**, for purposes of determining a civil taxing unit's maximum permissible ad valorem property tax levy for an ensuing calendar year, the civil taxing unit shall use the assessed value growth quotient determined in the last STEP of the following STEPS:

STEP ONE: For each of the six (6) calendar years immediately preceding the year in which a budget is adopted under IC 6-1.1-17-5 for the ensuing calendar year, divide the Indiana nonfarm personal income for the calendar year by the Indiana nonfarm personal income for the calendar year immediately preceding that calendar year, rounding to the nearest one-thousandth (0.001).

STEP TWO: Determine the sum of the STEP ONE results.

STEP THREE: Divide the STEP TWO result by six (6), rounding to the nearest one-thousandth (0.001).

STEP FOUR: Determine the lesser of the following:

- (A) The STEP THREE quotient.
- (B) One and six-hundredths (1.06).

(c) This subsection applies only to civil taxing units in Lake County. Notwithstanding any other provision, for property taxes first due and payable after December 31, 2007, the assessed value growth quotient used to determine a civil taxing unit's maximum permissible ad valorem property tax levy under this chapter for a particular calendar year is zero (0) unless a tax rate of one percent (1%) will be in effect under IC 6-3.5-1.1-26 or IC 6-3.5-6-32 in Lake County for that calendar year.

SECTION 20. IC 6-1.1-18.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Except as otherwise provided in this chapter and IC 6-3.5-8-12, a civil taxing unit that is treated as not being located in an adopting county under section 4 of this chapter may not impose an ad valorem property tax levy for an ensuing calendar year that exceeds the amount determined in the last STEP of the following STEPS:

STEP ONE: Add the civil taxing unit's maximum permissible ad valorem property tax levy for the preceding calendar year to the part of the civil taxing unit's certified share, if any, that was used to reduce the civil taxing unit's ad valorem property tax levy under STEP EIGHT of subsection (b) for that preceding calendar year.

STEP TWO: Multiply the amount determined in STEP ONE by the amount determined in the last STEP of section 2(b) of this chapter.

STEP THREE: Determine the lesser of one and fifteen hundredths (1.15) or the quotient (rounded to the nearest ten-thousandth (0.0001)), of the assessed value of all taxable property subject to the civil taxing unit's ad valorem property tax levy for the ensuing calendar year, divided by the assessed value of all taxable property that is subject to the civil taxing unit's ad valorem property tax levy for the ensuing calendar year and that is contained within the geographic area that was subject to the civil taxing unit's ad valorem property tax levy in the preceding calendar year.

STEP FOUR: Determine the greater of the amount determined in STEP THREE or one (1).

STEP FIVE: Multiply the amount determined in STEP TWO by the amount determined in STEP FOUR.

STEP SIX: Add the amount determined under STEP TWO to the amount determined under subsection (c).

STEP SEVEN: Determine the greater of the amount determined under STEP FIVE or the amount determined under STEP SIX.

(b) Except as otherwise provided in this chapter and IC 6-3.5-8-12, a civil taxing unit that is treated as being located in an adopting county under section 4 of this chapter may not impose an ad valorem property tax levy for an ensuing calendar year that exceeds the amount determined in the last STEP of the following STEPS:

STEP ONE: Add the civil taxing unit's maximum permissible

ad valorem property tax levy for the preceding calendar year to the part of the civil taxing unit's certified share, if any, used to reduce the civil taxing unit's ad valorem property tax levy under STEP EIGHT of this subsection for that preceding calendar year.

STEP TWO: Multiply the amount determined in STEP ONE by the amount determined in the last STEP of section 2(b) of this chapter.

STEP THREE: Determine the lesser of one and fifteen hundredths (1.15) or the quotient of the assessed value of all taxable property subject to the civil taxing unit's ad valorem property tax levy for the ensuing calendar year divided by the assessed value of all taxable property that is subject to the civil taxing unit's ad valorem property tax levy for the ensuing calendar year and that is contained within the geographic area that was subject to the civil taxing unit's ad valorem property tax levy in the preceding calendar year.

STEP FOUR: Determine the greater of the amount determined in STEP THREE or one (1).

STEP FIVE: Multiply the amount determined in STEP TWO by the amount determined in STEP FOUR.

STEP SIX: Add the amount determined under STEP TWO to the amount determined under subsection (c).

STEP SEVEN: Determine the greater of the amount determined under STEP FIVE or the amount determined under STEP SIX.

STEP EIGHT: Subtract the amount determined under STEP FIVE of subsection (c) from the amount determined under STEP SEVEN of this subsection.

(c) If a civil taxing unit in the immediately preceding calendar year provided an area outside its boundaries with services on a contractual basis and in the ensuing calendar year that area has been annexed by the civil taxing unit, the amount to be entered under STEP SIX of subsection (a) or STEP SIX of subsection (b), as the case may be, equals the amount paid by the annexed area during the immediately preceding calendar year for services that the civil taxing unit must provide to that area during the ensuing calendar year as a result of the annexation. In all other cases, the amount to be entered under STEP SIX of subsection (a) or STEP SIX of subsection (b), as the case may be, equals zero (0).

(d) This subsection applies only to civil taxing units located in a county having a county adjusted gross income tax rate for resident county taxpayers (as defined in IC 6-3.5-1.1-1) of one percent (1%) as of January 1 of the ensuing calendar year. For each civil taxing unit, the amount to be added to the amount determined in subsection (e), STEP FOUR, is determined using the following formula:

STEP ONE: Multiply the civil taxing unit's maximum permissible ad valorem property tax levy for the preceding calendar year by two percent (2%).

STEP TWO: For the determination year, the amount to be used as the STEP TWO amount is the amount determined in subsection (f) for the civil taxing unit. For each year following the determination year the STEP TWO amount is the lesser of:

- (A) the amount determined in STEP ONE; or
- (B) the amount determined in subsection (f) for the civil taxing unit.

STEP THREE: Determine the greater of:

- (A) zero (0); or
- (B) the civil taxing unit's certified share for the ensuing calendar year minus the greater of:
 - (i) the civil taxing unit's certified share for the calendar year that immediately precedes the ensuing calendar year; or
 - (ii) the civil taxing unit's base year certified share.

STEP FOUR: Determine the greater of:

- (A) zero (0); or
- (B) the amount determined in STEP TWO minus the amount determined in STEP THREE.

Add the amount determined in STEP FOUR to the amount determined in subsection (e), STEP THREE, as provided in subsection (e), STEP FOUR.

(e) For each civil taxing unit, the amount to be subtracted under subsection (b), STEP EIGHT, is determined using the following formula:

STEP ONE: Determine the lesser of the civil taxing unit's base year certified share for the ensuing calendar year, as determined under section 5 of this chapter, or the civil taxing unit's certified share for the ensuing calendar year.

STEP TWO: Determine the greater of:

- (A) zero (0); or
- (B) the remainder of:
 - (i) the amount of federal revenue sharing money that was received by the civil taxing unit in 1985; minus
 - (ii) the amount of federal revenue sharing money that will be received by the civil taxing unit in the year preceding the ensuing calendar year.

STEP THREE: Determine the lesser of:

- (A) the amount determined in STEP TWO; or
- (B) the amount determined in subsection (f) for the civil taxing unit.

STEP FOUR: Add the amount determined in subsection (d), STEP FOUR, to the amount determined in STEP THREE.

STEP FIVE: Subtract the amount determined in STEP FOUR from the amount determined in STEP ONE.

(f) As used in this section, a taxing unit's "determination year" means the latest of:

- (1) calendar year 1987, if the taxing unit is treated as being located in an adopting county for calendar year 1987 under section 4 of this chapter;
- (2) the taxing unit's base year, as defined in section 5 of this chapter, if the taxing unit is treated as not being located in an adopting county for calendar year 1987 under section 4 of this chapter; or
- (3) the ensuing calendar year following the first year that the taxing unit is located in a county that has a county adjusted gross income tax rate of more than one-half percent (0.5%) on July 1 of that year.

The amount to be used in subsections (d) and (e) for a taxing unit depends upon the taxing unit's certified share for the ensuing calendar year, the taxing unit's determination year, and the county adjusted gross income tax rate for resident county taxpayers (as defined in IC 6-3.5-1.1-1) that is in effect in the taxing unit's county on July 1 of the year preceding the ensuing calendar year. For the determination year and the ensuing calendar years following the taxing unit's determination year, the amount is the taxing unit's certified share for the ensuing calendar year multiplied by the appropriate factor prescribed in the following table:

COUNTIES WITH A TAX RATE OF 1/2%

Year	Subsection (e) Factor
For the determination year and each ensuing calendar year following the determination year	0

COUNTIES WITH A TAX RATE OF 3/4%

Year	Subsection (e) Factor
For the determination year and each ensuing calendar year following the determination year	1/2

COUNTIES WITH A TAX RATE OF 1.0%

Year	Subsection (d) Factor	Subsection (e) Factor
For the determination year	1/6	1/3
For the ensuing calendar year following the determination year	1/4	1/3
For the ensuing calendar year following the determination year by two (2) years	1/3	1/3

(g) This subsection applies only to property taxes first due and payable after December 31, 2007. This subsection applies only to a civil taxing unit that is located in a county for which a county adjusted gross income tax rate is first imposed or is increased in a particular year under IC 6-3.5-1.1-24 or a county option income tax rate is first imposed or is increased in a particular year under IC 6-3.5-6-30. Notwithstanding any provision in this section or any other section of this chapter and except as provided in subsection (h), the maximum permissible ad valorem property tax levy calculated under this section for the ensuing calendar year for a civil taxing unit subject to this section is equal to the civil taxing unit's maximum permissible ad valorem property tax levy for the current calendar year.

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

- (1) is partially located in a county for which a county adjusted gross income tax rate is first imposed or is increased in a particular year under IC 6-3.5-1.1-24 or a county option income tax rate is first imposed or is increased in a particular year under IC 6-3.5-6-30; and**
- (2) is partially located in a county that is not described in subdivision (1);**

the department of local government finance shall, notwithstanding subsection (g), adjust the portion of the civil taxing unit's maximum permissible ad valorem property tax

levy that is attributable (as determined by the department of local government finance) to the county or counties described in subdivision (2). The department of local government finance shall adjust this portion of the civil taxing unit's maximum permissible ad valorem property tax levy so that, notwithstanding subsection (g), this portion is allowed to increase as otherwise provided in this section. If the department of local government finance increases the civil taxing unit's maximum permissible ad valorem property tax levy under this subsection, any additional property taxes imposed by the civil taxing unit under the adjustment shall be paid only by the taxpayers in the county or counties described in subdivision (2).

SECTION 21. IC 6-1.1-18.5-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) A civil taxing unit is not subject to the levy limits imposed by section 3 of this chapter for an ensuing calendar year if the civil taxing unit did not adopt an ad valorem property tax levy for the immediately preceding calendar year.

(b) If under subsection (a) a civil taxing unit is not subject to the levy limits imposed under section 3 of this chapter for a calendar year, the civil taxing unit shall refer its proposed budget, ad valorem property tax levy, and property tax rate for that calendar year to the local government tax control board established by section 11 of this chapter (before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008) before the tax levy is advertised. The local government tax control board (before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008) shall then review and make a recommendation to the department of local government finance on the civil taxing unit's budget, ad valorem property tax levy, and property tax rate for that calendar year. The department of local government finance shall make a final determination of the civil taxing unit's budget, ad valorem property tax levy, and property tax rate for that calendar year. However, a civil taxing unit may not impose a property tax levy for a year if the unit did not exist as of March 1 of the preceding year.

SECTION 22. IC 6-1.1-18.5-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) The ad valorem property tax levy limits imposed by section 3 of this chapter do not apply to ad valorem property taxes imposed by a civil taxing unit if the civil taxing unit is committed to levy the taxes to pay or fund either:

- (1) bonded indebtedness; or
- (2) lease rentals under a lease with an original term of at least five (5) years.

(b) **This subsection does not apply to bonded indebtedness incurred or leases executed for a capital project approved by a county board of tax and capital projects review under IC 6-1.1-29.5 after December 31, 2008.** A civil taxing unit must file a petition requesting approval from the department of local government finance to incur bonded indebtedness or execute a lease with an original term of at least five (5) years not later than twenty-four (24) months after the first date of publication of notice of a preliminary determination under IC 6-1.1-20-3.1(2), unless the

civil taxing unit demonstrates that a longer period is reasonable in light of the civil taxing unit's facts and circumstances. A civil taxing unit must obtain approval from the department of local government finance before the civil taxing unit may:

- (1) incur the bonded indebtedness; or
- (2) enter into the lease.

Before January 1, 2009, the department of local government finance may seek recommendations from the local government tax control board established by section 11 of this chapter when determining whether to authorize incurring the bonded indebtedness or the execution of the lease.

(c) The department of local government finance shall render a decision within three (3) months after the date it receives a request for approval under subsection (b). However, the department of local government finance may extend this three (3) month period by an additional three (3) months if, at least ten (10) days before the end of the original three (3) month period, the department sends notice of the extension to the executive officer of the civil taxing unit. A civil taxing unit may petition for judicial review of the final determination of the department of local government finance under this section. The petition must be filed in the tax court not more than forty-five (45) days after the department enters its order under this section.

(d) A civil taxing unit does not need approval under subsection (b) to obtain temporary loans made in anticipation of and to be paid from current revenues of the civil taxing unit actually levied and in the course of collection for the fiscal year in which the loans are made.

(e) For purposes of computing the ad valorem property tax levy limits imposed on a civil taxing unit by section 3 of this chapter, the civil taxing unit's ad valorem property tax levy for a calendar year does not include that part of its levy that is committed to fund or pay bond indebtedness or lease rentals with an original term of five (5) years in subsection (a).

(f) A taxpayer may petition for judicial review of the final determination of the department of local government finance under this section. The petition must be filed in the tax court not more than thirty (30) days after the department enters its order under this section.

SECTION 23. IC 6-1.1-18.5-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 11. (a) A local government tax control board is established. The board consists of nine (9) members, seven (7) of whom are voting members and two (2) of whom are nonvoting members.

(b) The seven (7) voting members shall be appointed as follows:

- (1) One (1) member appointed by the state board of accounts.
- (2) One (1) member appointed by the department of local government finance.
- (3) Five (5) members appointed by the governor. Three (3) of the members appointed by the governor must be citizens of Indiana who do not hold a political or elective office in state or local government. The governor may seek the recommendation of representatives of the cities, towns, and counties before appointing the other two (2) members to the

board.

(c) The two (2) nonvoting members of the board shall be appointed as follows:

(1) One (1) member of the house of representatives, appointed by the speaker of the house.

(2) One (1) member of the senate, appointed by the president pro tempore of the senate.

(d) All members of the local government tax control board shall serve at the will of the board or person that appointed them.

(e) The local government tax control board shall annually hold an organizational meeting. At this organizational meeting the board shall elect a chairman and a secretary from its membership. The board shall meet after each organizational meeting as often as its business requires.

(f) The department of local government finance shall provide the local government tax control board with rooms, staff, and secretarial assistance for its meetings.

(g) Members of the local government tax control board shall serve without compensation, except as provided in subsections (h) and (i).

(h) Each member of the local government tax control board who is not a state employee is entitled to receive both of the following:

(1) The minimum salary per diem provided by IC 4-10-11-2.1(b).

(2) Reimbursement for travel expenses and other expenses actually incurred in connection with the member's duties, as provided in the state travel policies and procedures established by the Indiana department of administration and approved by the budget agency.

(i) Each member of the local government tax control board who is a state employee is entitled to reimbursement for travel expenses and other expenses actually incurred in connection with the member's duties, as provided in the state travel policies and procedures established by the Indiana department of administration and approved by the budget agency.

(j) The local government tax control board is abolished December 31, 2008.

SECTION 24. IC 6-1.1-18.5-12, AS AMENDED BY P.L.67-2006, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. (a) Any civil taxing unit that determines that it cannot carry out its governmental functions for an ensuing calendar year under the levy limitations imposed by section 3 of this chapter may:

(1) before September 20 of the calendar year immediately preceding the ensuing calendar year; or

(2) in the case of a request described in section 16 of this chapter, before:

(A) December 31 of the calendar year immediately preceding the ensuing calendar year; or

(B) with the approval of the county fiscal body of the county in which the civil taxing unit is located, March 1 of the ensuing calendar year;

appeal to the department of local government finance for relief from those levy limitations. In the appeal the civil taxing unit must state

that it will be unable to carry out the governmental functions committed to it by law unless it is given the authority that it is petitioning for. The civil taxing unit must support these allegations by reasonably detailed statements of fact.

(b) The department of local government finance shall promptly deliver to the local government tax control board **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** every appeal petition it receives under subsection (a) and any materials it receives relevant to those appeals. Upon receipt of an appeal petition, the local government tax control board **or the county board of tax and capital projects review** shall immediately proceed to the examination and consideration of the merits of the civil taxing unit's appeal.

(c) In considering an appeal, the local government tax control board **or the county board of tax and capital projects review** has the power to conduct hearings, require any officer or member of the appealing civil taxing unit to appear before it, or require any officer or member of the appealing civil taxing unit to provide the board with any relevant records or books.

(d) If an officer or member:

(1) fails to appear at a hearing of the local government tax control board **or the county board of tax and capital projects review** after having been given written notice from the local government tax control board **or the county board of tax and capital projects review** requiring that person's attendance; or

(2) fails to produce for the local government tax control board's **or the county board of tax and capital projects review's** use the books and records that the local government tax control board **or the county board of tax and capital projects review** by written notice required the officer or member to produce;

then the local government tax control board **or the county board of tax and capital projects review** may file an affidavit in the circuit court in the jurisdiction in which the officer or member may be found setting forth the facts of the failure.

(e) Upon the filing of an affidavit under subsection (d), the circuit court shall promptly issue a summons, and the sheriff of the county within which the circuit court is sitting shall serve the summons. The summons must command the officer or member to appear before the local government tax control board **or the county board of tax and capital projects review**, to provide information to the local government tax control board **or the county board of tax and capital projects review**, or to produce books and records for the local government tax control board's **or the county board of tax and capital projects review's** use, as the case may be. Disobedience of the summons constitutes, and is punishable as, a contempt of the circuit court that issued the summons.

(f) All expenses incident to the filing of an affidavit under subsection (d) and the issuance and service of a summons shall be charged to the officer or member against whom the summons is issued, unless the circuit court finds that the officer or member was acting in good faith and with reasonable cause. If the circuit court finds that the officer or member was acting in good faith and with

reasonable cause or if an affidavit is filed and no summons is issued, the expenses shall be charged against the county in which the affidavit was filed and shall be allowed by the proper fiscal officers of that county.

(g) The fiscal officer of a civil taxing unit that appeals under section 16 of this chapter for relief from levy limitations shall immediately file a copy of the appeal petition with the county auditor and the county treasurer of the county in which the unit is located.

SECTION 25. IC 6-1.1-18.5-13, AS AMENDED BY P.L.154-2006, SECTION 47, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13. With respect to an appeal filed under section 12 of this chapter, the local government tax control board (**before January 1, 2009**) or the **county board of tax and capital projects review (after December 31, 2008)** may recommend that a civil taxing unit receive any one (1) or more of the following types of relief:

(1) **A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009.** Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if in the judgment of the local government tax control board the increase is reasonably necessary due to increased costs of the civil taxing unit resulting from annexation, consolidation, or other extensions of governmental services by the civil taxing unit to additional geographic areas or persons.

(2) **A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009.** Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the civil taxing unit needs the increase to meet the civil taxing unit's share of the costs of operating a court established by statute enacted after December 31, 1973. Before recommending such an increase, the local government tax control board shall consider all other revenues available to the civil taxing unit that could be applied for that purpose. The maximum aggregate levy increases that the local government tax control board may recommend for a particular court equals the civil taxing unit's estimate of the unit's share of the costs of operating a court for the first full calendar year in which it is in existence. For purposes of this subdivision, costs of operating a court include:

- (A) the cost of personal services (including fringe benefits);
- (B) the cost of supplies; and
- (C) any other cost directly related to the operation of the court.

(3) Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the quotient determined under STEP SIX of the following formula is equal to or greater than one and two-hundredths

(1.02):

STEP ONE: Determine the three (3) calendar years that most immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first become effective.

STEP TWO: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the sum of the civil taxing unit's total assessed value of all taxable property and the total assessed value of property tax deductions in the unit under IC 6-1.1-12-41 or IC 6-1.1-12-42 in the particular calendar year, divided by the sum of the civil taxing unit's total assessed value of all taxable property and the total assessed value of property tax deductions in the unit under IC 6-1.1-12-41 or IC 6-1.1-12-42 in the calendar year immediately preceding the particular calendar year.

STEP THREE: Divide the sum of the three (3) quotients computed in STEP TWO by three (3).

STEP FOUR: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the sum of the total assessed value of all taxable property in all counties and the total assessed value of property tax deductions in all counties under IC 6-1.1-12-41 or IC 6-1.1-12-42 in the particular calendar year, divided by the sum of the total assessed value of all taxable property in all counties and the total assessed value of property tax deductions in all counties under IC 6-1.1-12-41 or IC 6-1.1-12-42 in the calendar year immediately preceding the particular calendar year.

STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Divide the STEP THREE amount by the STEP FIVE amount.

The civil taxing unit may increase its levy by a percentage not greater than the percentage by which the STEP THREE amount exceeds the percentage by which the civil taxing unit may increase its levy under section 3 of this chapter based on the assessed value growth quotient determined under section 2 of this chapter.

(4) **A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009.** Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the civil taxing unit needs the increase to pay the costs of furnishing fire protection for the civil taxing unit through a volunteer fire department. For purposes of determining a township's need for an increased levy, the local government tax control board shall not consider the amount of money borrowed under IC 36-6-6-14 during the immediately preceding calendar year. However, any increase in the amount of the civil taxing unit's levy recommended by the local

government tax control board under this subdivision for the ensuing calendar year may not exceed the lesser of:

- (A) ten thousand dollars (\$10,000); or
- (B) twenty percent (20%) of:
 - (i) the amount authorized for operating expenses of a volunteer fire department in the budget of the civil taxing unit for the immediately preceding calendar year; plus
 - (ii) the amount of any additional appropriations authorized during that calendar year for the civil taxing unit's use in paying operating expenses of a volunteer fire department under this chapter; minus
 - (iii) the amount of money borrowed under IC 36-6-6-14 during that calendar year for the civil taxing unit's use in paying operating expenses of a volunteer fire department.

(5) **A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009.** Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter in order to raise revenues for pension payments and contributions the civil taxing unit is required to make under IC 36-8. The maximum increase in a civil taxing unit's levy that may be recommended under this subdivision for an ensuing calendar year equals the amount, if any, by which the pension payments and contributions the civil taxing unit is required to make under IC 36-8 during the ensuing calendar year exceeds the product of one and one-tenth (1.1) multiplied by the pension payments and contributions made by the civil taxing unit under IC 36-8 during the calendar year that immediately precedes the ensuing calendar year. For purposes of this subdivision, "pension payments and contributions made by a civil taxing unit" does not include that part of the payments or contributions that are funded by distributions made to a civil taxing unit by the state.

(6) **A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009.** Permission to increase its levy in excess of the limitations established under section 3 of this chapter if the local government tax control board finds that:

- (A) the township's township assistance ad valorem property tax rate is less than one and sixty-seven hundredths cents (\$0.0167) per one hundred dollars (\$100) of assessed valuation; and
- (B) the township needs the increase to meet the costs of providing township assistance under IC 12-20 and IC 12-30-4.

The maximum increase that the board may recommend for a township is the levy that would result from an increase in the township's township assistance ad valorem property tax rate of one and sixty-seven hundredths cents (\$0.0167) per one hundred dollars (\$100) of assessed valuation minus the township's ad valorem property tax rate per one hundred dollars (\$100) of assessed valuation before the increase.

(7) **A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009.** Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter if:

- (A) the increase has been approved by the legislative body of the municipality with the largest population where the civil taxing unit provides public transportation services; and
- (B) the local government tax control board finds that the civil taxing unit needs the increase to provide adequate public transportation services.

The local government tax control board shall consider tax rates and levies in civil taxing units of comparable population, and the effect (if any) of a loss of federal or other funds to the civil taxing unit that might have been used for public transportation purposes. However, the increase that the board may recommend under this subdivision for a civil taxing unit may not exceed the revenue that would be raised by the civil taxing unit based on a property tax rate of one cent (\$0.01) per one hundred dollars (\$100) of assessed valuation.

(8) **A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009.** Permission to a civil taxing unit to increase the unit's levy in excess of the limitations established under section 3 of this chapter if the local government tax control board finds that:

- (A) the civil taxing unit is:
 - (i) a county having a population of more than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000);
 - (ii) a city having a population of more than fifty-five thousand (55,000) but less than fifty-nine thousand (59,000);
 - (iii) a city having a population of more than twenty-eight thousand seven hundred (28,700) but less than twenty-nine thousand (29,000);
 - (iv) a city having a population of more than fifteen thousand four hundred (15,400) but less than sixteen thousand six hundred (16,600); or
 - (v) a city having a population of more than seven thousand (7,000) but less than seven thousand three hundred (7,300); and

(B) the increase is necessary to provide funding to undertake removal (as defined in IC 13-11-2-187) and remedial action (as defined in IC 13-11-2-185) relating to hazardous substances (as defined in IC 13-11-2-98) in solid waste disposal facilities or industrial sites in the civil taxing unit that have become a menace to the public health and welfare.

The maximum increase that the local government tax control board may recommend for such a civil taxing unit is the levy that would result from a property tax rate of six and sixty-seven hundredths cents (\$0.0667) for each one hundred

dollars (\$100) of assessed valuation. For purposes of computing the ad valorem property tax levy limit imposed on a civil taxing unit under section 3 of this chapter, the civil taxing unit's ad valorem property tax levy for a particular year does not include that part of the levy imposed under this subdivision. In addition, a property tax increase permitted under this subdivision may be imposed for only two (2) calendar years.

(9) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009. Permission for a county:

(A) having a population of more than eighty thousand (80,000) but less than ninety thousand (90,000) to increase the county's levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the county needs the increase to meet the county's share of the costs of operating a jail or juvenile detention center, including expansion of the facility, if the jail or juvenile detention center is opened after December 31, 1991;

(B) that operates a county jail or juvenile detention center that is subject to an order that:

- (i) was issued by a federal district court; and
- (ii) has not been terminated;

(C) that operates a county jail that fails to meet:

- (i) American Correctional Association Jail Construction Standards; and
- (ii) Indiana jail operation standards adopted by the department of correction; or

(D) that operates a juvenile detention center that fails to meet standards equivalent to the standards described in clause (C) for the operation of juvenile detention centers.

Before recommending an increase, the local government tax control board shall consider all other revenues available to the county that could be applied for that purpose. An appeal for operating funds for a jail or a juvenile detention center shall be considered individually, if a jail and juvenile detention center are both opened in one (1) county. The maximum aggregate levy increases that the local government tax control board may recommend for a county equals the county's share of the costs of operating the jail or a juvenile detention center for the first full calendar year in which the jail or juvenile detention center is in operation.

(10) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009. Permission for a township to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the township needs the increase so that the property tax rate to pay the costs of furnishing fire protection for a township, or a portion of a township, enables the township to pay a fair and reasonable amount under a contract with the municipality that is furnishing the fire protection. However, for the first time an appeal is granted the resulting rate

increase may not exceed fifty percent (50%) of the difference between the rate imposed for fire protection within the municipality that is providing the fire protection to the township and the township's rate. A township is required to appeal a second time for an increase under this subdivision if the township wants to further increase its rate. However, a township's rate may be increased to equal but may not exceed the rate that is used by the municipality. More than one (1) township served by the same municipality may use this appeal.

(11) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009. Permission for a township to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the township has been required, for the three (3) consecutive years preceding the year for which the appeal under this subdivision is to become effective, to borrow funds under IC 36-6-6-14 to furnish fire protection for the township or a part of the township. However, the maximum increase in a township's levy that may be allowed under this subdivision is the least of the amounts borrowed under IC 36-6-6-14 during the preceding three (3) calendar years. A township may elect to phase in an approved increase in its levy under this subdivision over a period not to exceed three (3) years. A particular township may appeal to increase its levy under this section not more frequently than every fourth calendar year.

(12) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009. Permission to a city having a population of more than twenty-nine thousand (29,000) but less than thirty-one thousand (31,000) to increase its levy in excess of the limitations established under section 3 of this chapter if:

(A) an appeal was granted to the city under this section to reallocate property tax replacement credits under IC 6-3.5-1.1 in 1998, 1999, and 2000; and

(B) the increase has been approved by the legislative body of the city, and the legislative body of the city has by resolution determined that the increase is necessary to pay normal operating expenses.

The maximum amount of the increase is equal to the amount of property tax replacement credits under IC 6-3.5-1.1 that the city petitioned under this section to have reallocated in 2001 for a purpose other than property tax relief.

(13) A levy increase may be granted under this subdivision only for property taxes first due and payable after December 31, 2009. Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter if the civil taxing unit cannot carry out its governmental functions for an ensuing calendar year under the levy limitations imposed by section 3 of this chapter.

SECTION 26. IC 6-1.1-18.5-13.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13.5. A levy

increase may not be granted under this section for property taxes first due and payable after December 31, 2009. With respect to an appeal filed under section 12 of this chapter, the local government tax control board may recommend that the department of local government finance give permission to a town having a population of more than three hundred seventy-five (375) but less than five hundred (500) located in a county having a population of more than seventy-one thousand (71,000) but less than seventy-one thousand four hundred (71,400) to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the town needs the increase to pay the costs of furnishing fire protection for the town. However, any increase in the amount of the town's levy recommended by the local government tax control board under this section for the ensuing calendar year may not exceed the greater of:

- (1) twenty-five thousand dollars (\$25,000); or
- (2) twenty percent (20%) of the sum of:
 - (A) the amount authorized for the cost of furnishing fire protection in the town's budget for the immediately preceding calendar year; plus
 - (B) the amount of any additional appropriations authorized under IC 6-1.1-18-5 during that calendar year for the town's use in paying the costs of furnishing fire protection.

SECTION 27. IC 6-1.1-18.5-13.6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13.6. **A levy increase may not be granted under this section for property taxes first due and payable after December 31, 2009.** For an appeal filed under section 12 of this chapter, the local government tax control board may recommend that the department of local government finance give permission to a county to increase its levy in excess of the limitations established under section 3 of this chapter if the local government tax control board finds that the county needs the increase to pay for:

- (1) a new voting system; or
- (2) the expansion or upgrade of an existing voting system;

under IC 3-11-6.

SECTION 28. IC 6-1.1-18.5-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. (a) The local government tax control board (**before January 1, 2009**) or the **county board of tax and capital projects review (after December 31, 2008)** may recommend to the department of local government finance a correction of any advertising error, mathematical error, or error in data made at the local level for any calendar year that affects the determination of the limitations established by section 3 of this chapter or the tax rate or levy of a civil taxing unit. The department of local government finance may on its own initiative correct such an advertising error, mathematical error, or error in data for any civil taxing unit.

(b) A correction made under subsection (a) for a prior calendar year shall be applied to the civil taxing unit's levy limitations, rate, and levy for the ensuing calendar year to offset any cumulative effect that the error caused in the determination of the civil taxing unit's levy limitations, rate, or levy for the ensuing calendar year.

SECTION 29. IC 6-1.1-18.5-15 IS AMENDED TO READ AS

FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15. (a) The department of local government finance, upon receiving a recommendation made under section 13 or 14 of this chapter, shall enter an order adopting, rejecting, or adopting in part and rejecting in part the recommendation of the local government tax control board (**before January 1, 2009**) or the **county board of tax and capital projects review (after December 31, 2008)**.

(b) A civil taxing unit may petition for judicial review of the final determination of the department of local government finance under subsection (a). The action must be taken to the tax court under IC 6-1.1-15 in the same manner that an action is taken to appeal a final determination of the Indiana board. The petition must be filed in the tax court not more than forty-five (45) days after the department enters its order under subsection (a).

SECTION 30. IC 6-1.1-18.5-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 16. (a) A civil taxing unit may request permission from the local government tax control board (**before January 1, 2009**) or the **county board of tax and capital projects review (after December 31, 2008)** to impose an ad valorem property tax levy that exceeds the limits imposed by section 3 of this chapter if:

- (1) the civil taxing unit experienced a property tax revenue shortfall that resulted from erroneous assessed valuation figures being provided to the civil taxing unit;
- (2) the erroneous assessed valuation figures were used by the civil taxing unit in determining its total property tax rate; and
- (3) the error in the assessed valuation figures was found after the civil taxing unit's property tax levy resulting from that total rate was finally approved by the department of local government finance.

(b) A civil taxing unit may request permission from the local government tax control board (**before January 1, 2009**) or the **county board of tax and capital projects review (after December 31, 2008)** to impose an ad valorem property tax levy that exceeds the limits imposed by section 3 of this chapter if the civil taxing unit experienced a property tax revenue shortfall because of the payment of refunds that resulted from appeals under this article and IC 6-1.5.

(c) If the local government tax control board (**before January 1, 2009**) or the **county board of tax and capital projects review (after December 31, 2008)** determines that a shortfall described in subsection (a) or (b) has occurred, it shall recommend to the department of local government finance that the civil taxing unit be allowed to impose a property tax levy exceeding the limit imposed by section 3 of this chapter, and the department may adopt such recommendation. However, the maximum amount by which the civil taxing unit's levy may be increased over the limits imposed by section 3 of this chapter equals the remainder of the civil taxing unit's property tax levy for the particular calendar year as finally approved by the department of local government finance minus the actual property tax levy collected by the civil taxing unit for that particular calendar year.

(d) Any property taxes collected by a civil taxing unit over the limits imposed by section 3 of this chapter under the authority of

this section may not be treated as a part of the civil taxing unit's maximum permissible ad valorem property tax levy for purposes of determining its maximum permissible ad valorem property tax levy for future years.

(e) If the department of local government finance authorizes an excess tax levy under this section, it shall take appropriate steps to insure that the proceeds are first used to repay any loan made to the civil taxing unit for the purpose of meeting its current expenses.

SECTION 31. IC 6-1.1-20-3.2, AS AMENDED BY P.L.2-2006, SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3.2. If a sufficient petition requesting the application of a petition and remonstrance process has been filed as set forth in section 3.1 of this chapter, a political subdivision may not impose property taxes to pay debt service or lease rentals without completing the following procedures:

(1) The proper officers of the political subdivision shall give notice of the applicability of the petition and remonstrance process by:

(A) publication in accordance with IC 5-3-1; and

(B) first class mail to the organizations described in section 3.1(1)(B) of this chapter.

A notice under this subdivision must include a statement that any owners of real property within the political subdivision who want to petition in favor of or remonstrate against the proposed debt service or lease payments must file petitions and remonstrances in compliance with subdivisions (2) through (4) not earlier than thirty (30) days or later than sixty (60) days after publication in accordance with IC 5-3-1.

(2) Not earlier than thirty (30) days or later than sixty (60) days after the notice under subdivision (1) is given:

(A) petitions (described in subdivision (3)) in favor of the bonds or lease; and

(B) remonstrances (described in subdivision (3)) against the bonds or lease;

may be filed by an owner or owners of real property within the political subdivision. Each signature on a petition must be dated and the date of signature may not be before the date on which the petition and remonstrance forms may be issued under subdivision (3). A petition described in clause (A) or a remonstrance described in clause (B) must be verified in compliance with subdivision (4) before the petition or remonstrance is filed with the county auditor under subdivision (4).

(3) The state board of accounts shall design and, upon request by the county auditor, deliver to the county auditor or the county auditor's designated printer the petition and remonstrance forms to be used solely in the petition and remonstrance process described in this section. The county auditor shall issue to an owner or owners of real property within the political subdivision the number of petition or remonstrance forms requested by the owner or owners. Each form must be accompanied by instructions detailing the requirements that:

(A) the carrier and signers must be owners of real

property;

(B) the carrier must be a signatory on at least one (1) petition;

(C) after the signatures have been collected, the carrier must swear or affirm before a notary public that the carrier witnessed each signature;

(D) govern the closing date for the petition and remonstrance period; and

(E) apply to the carrier under section 10 of this chapter.

Persons requesting forms may not be required to identify themselves and may be allowed to pick up additional copies to distribute to other property owners. The county auditor may not issue a petition or remonstrance form earlier than twenty-nine (29) days after the notice is given under subdivision (1). The county auditor shall certify the date of issuance on each petition or remonstrance form that is distributed under this subdivision.

(4) The petitions and remonstrances must be verified in the manner prescribed by the state board of accounts and filed with the county auditor within the sixty (60) day period described in subdivision (2) in the manner set forth in section 3.1 of this chapter relating to requests for a petition and remonstrance process.

(5) The county auditor must file a certificate and the petition or remonstrance with the body of the political subdivision charged with issuing bonds or entering into leases within fifteen (15) business days of the filing of a petition or remonstrance under subdivision (4), whichever applies, containing ten thousand (10,000) signatures or less. The county auditor may take an additional five (5) days to review and certify the petition or remonstrance for each additional five thousand (5,000) signatures up to a maximum of sixty (60) days. The certificate must state the number of petitioners and remonstrators that are owners of real property within the political subdivision.

(6) If a greater number of owners of real property within the political subdivision sign a remonstrance than the number that signed a petition, the bonds petitioned for may not be issued or the lease petitioned for may not be entered into. The proper officers of the political subdivision may not make a preliminary determination to issue bonds or enter into a lease for the controlled project defeated by the petition and remonstrance process under this section or any other controlled project that is not substantially different within one (1) year after the date of the county auditor's certificate under subdivision (5). Withdrawal of a petition carries the same consequences as a defeat of the petition.

(7) After a political subdivision has gone through the petition and remonstrance process set forth in this section, the political subdivision is not required to follow any other remonstrance or objection procedures under any other law (including section 5 of this chapter) relating to bonds or leases designed to protect owners of real property within the political subdivision from the imposition of property taxes to pay debt

service or lease rentals. However, the political subdivision must still receive the approval of the department of local government finance if required by:

- (A) IC 6-1.1-18.5-8; or
- (B) IC 20-46-7-8, IC 20-46-7-9, and IC 20-46-7-10.

SECTION 32. IC 6-1.1-20-3.4 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 3.4. (a) Notwithstanding any other provision of this chapter, the executive of a political subdivision may initiate the petition and remonstrance process under this chapter for the approval or disapproval of a proposed controlled project of the political subdivision that has been disapproved under IC 6-1.1-29.5 by the county board of tax and capital projects review.**

(b) The executive of a political subdivision may initiate the petition and remonstrance process under this chapter for a proposed controlled project that has been disapproved by the county board of tax and capital projects review by giving notice of the applicability of the petition and remonstrance process as provided in section 3.2(1) of this chapter not more than sixty (60) days after the county board of tax and capital projects review disapproves the proposed controlled project.

(c) Section 3.2 of this chapter applies to a petition and remonstrance process initiated under this section. However, a sufficient petition requesting the application of a petition and remonstrance process is not required to be filed as set forth in section 3.1 of this chapter before the executive of a political subdivision may initiate the petition and remonstrance process as provided in this section.

(d) If the number of owners of real property within the political subdivision and registered voters residing within the political subdivision that sign a petition in favor of the proposed controlled project is greater than the number of owners of real property within the political subdivision and registered voters residing within the political subdivision that sign a remonstrance against the proposed controlled project, the political subdivision may undertake the proposed controlled project, notwithstanding the disapproval of the proposed controlled project by the county board of tax and capital projects review under IC 6-1.1-29.5.

SECTION 33. IC 6-1.1-20-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 5. (a) When the proper officers of a political subdivision decide to issue bonds in a total amount which exceeds five thousand dollars (\$5,000), they shall give notice of the decision by:**

- (1) posting; and
- (2) publication once each week for two (2) weeks.

The notice required by this section shall be posted in three (3) public places in the political subdivision and published in accordance with IC 5-3-1-4. The decision to issue bonds may be a preliminary decision.

(b) This subsection does not apply to bonds issued for a controlled project approved after December 31, 2008, by a county board of tax and capital projects review under IC 6-1.1-29.5. Ten (10) or more taxpayers who will be affected by

the proposed issuance of the bonds and who wish to object to the issuance on the grounds that it is unnecessary or excessive may file a petition in the office of the auditor of the county in which the political subdivision is located. The petition must be filed within fifteen (15) days after the notice required by subsection (a) is given, and it must contain the objections of the taxpayers and facts which show that the proposed issue is unnecessary or excessive. When taxpayers file a petition in the manner prescribed in this subsection, the county auditor shall immediately forward a certified copy of the petition and any other relevant information to the department of local government finance.

SECTION 34. IC 6-1.1-20-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 7. (a) This section does not apply to bonds, notes, or warrants issued for a controlled project approved after December 31, 2008, by a county board of tax and capital projects review under IC 6-1.1-29.5.**

(b) When the proper officers of a political subdivision decide to issue any bonds, notes, or warrants which will be payable from property taxes and which will bear interest in excess of eight percent (8%) per annum, the political subdivision shall submit the matter to the department of local government finance for review. The department of local government finance may either approve or disapprove the rate of interest.

SECTION 35. IC 6-1.1-20-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 9. (a) When the proper officers of a political subdivision decide to issue bonds payable from property taxes to finance a public improvement, they shall adopt an ordinance or resolution which sets forth their determination to issue the bonds. Except as provided in subsection (b), the political subdivision may not advertise for or receive bids for the construction of the improvement until the expiration of the latter of:**

- (1) the time period within which taxpayers may file a petition for review of or a remonstrance against the proposed issue; or
- (2) the time period during which a petition for review of the proposed issue is pending before the department of local government finance **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008).**

(b) This subsection applies before January 1, 2009. When a petition for review of a proposed issue is pending before the department of local government finance, the department may order the political subdivision to advertise for and receive bids for the construction of the public improvement. When the department of local government finance issues such an order, the political subdivision shall file a bid report with the department within five (5) days after the bids are received, and the department shall render a final decision on the proposed issue within fifteen (15) days after it receives the bid report. Notwithstanding the provisions of this subsection, a political subdivision may not enter into a contract for the construction of a public improvement while a petition for review of the bond issue which is to finance the improvement is pending before the department of local government finance.

(c) This subsection applies after December 31, 2008. When a petition for review of a proposed issue is pending before the county board of tax and capital projects review, the board may order the political subdivision to advertise for and receive bids for the construction of the public improvement. When the county board of tax and capital projects review issues such an order, the political subdivision shall file a bid report with the board within five (5) days after the bids are received, and the board shall render a final decision on the proposed issue within fifteen (15) days after it receives the bid report. Notwithstanding the provisions of this subsection, a political subdivision may not enter into a contract for the construction of a public improvement while a petition for review of the bond issue that is to finance the improvement is pending before the county board of tax and capital projects review.

SECTION 36. IC 6-1.1-20.3 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

Chapter 20.3. Distressed Political Subdivisions

Sec. 1. As used in this chapter, "circuit breaker board" refers to the circuit breaker relief appeal board established by section 4 of this chapter.

Sec. 2. As used in this chapter, "distressed political subdivision" means a political subdivision that will have the political subdivision's property tax collections reduced by at least two percent (2%) in a calendar year as a result of the application of the credit under IC 6-1.1-20.6 for that calendar year.

Sec. 3. As used in this chapter, "political subdivision" has the meaning set forth in IC 36-1-2-13.

Sec. 4. (a) The circuit breaker relief appeal board is established.

(b) The circuit breaker relief appeal board consists of the following members:

- (1) The director of the office of management and budget or the director's designee. The director or the director's designee shall serve as chairperson of the circuit breaker relief appeal board.
- (2) The commissioner of the department of local government finance or the commissioner's designee.
- (3) The commissioner of the department of state revenue or the commissioner's designee.
- (4) The state examiner of the state board of accounts or the state examiner's designee.
- (5) The following members appointed by the governor:
 - (A) One (1) member appointed from nominees submitted by the Indiana Association of Cities and Towns.
 - (B) One (1) member appointed from nominees submitted by the Association of Indiana Counties.
 - (C) One (1) member appointed from nominees submitted by the Indiana Association of School Superintendents.

A member nominated and appointed under this subdivision must be an elected official of a political subdivision.

(c) The members appointed under subsection (b)(5) serve at the pleasure of the governor.

(d) Each member of the commission is entitled to reimbursement for:

- (1) traveling expenses as provided under IC 4-13-1-4; and
- (2) other expenses actually incurred in connection with the member's duties as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.

Sec. 5. (a) The department of local government finance shall provide the circuit breaker board with the staff and assistance that the circuit breaker board reasonably requires.

(b) The department of local government finance shall provide from the department's budget funding to support the circuit breaker board's duties under this chapter.

(c) The circuit breaker board may contract with accountants, financial experts, and other advisors and consultants as necessary to carry out the circuit breaker board's duties under this chapter.

Sec. 6. (a) For property taxes first due and payable in 2008 and thereafter, the fiscal body of a county containing a distressed political subdivision (or the fiscal bodies of two (2) or more distressed political subdivisions acting jointly) may petition the circuit breaker board for relief as authorized under this chapter from the application of the credit under IC 6-1.1-20.6 for a calendar year.

(b) A petition under subsection (a) must include a proposed financial plan for political subdivisions in the county. The proposed financial plan must include the following:

- (1) Proposed budgets that would enable the distressed political subdivisions in the county to cease being distressed political subdivisions.
- (2) Proposed efficiencies, consolidations, cost reductions, uses of alternative or additional revenues, or other actions that would enable the distressed political subdivisions in the county to cease being distressed political subdivisions.

(c) The circuit breaker board may adopt procedures governing the timing and required content of a petition under subsection (a).

Sec. 7. (a) If the fiscal body of a county (or the fiscal bodies of two (2) or more distressed political subdivisions acting jointly) submits a petition under section 6 of this chapter, the circuit breaker board shall review the petition and assist in establishing a financial plan for political subdivisions in the county.

(b) In reviewing a petition submitted under section 6 of this chapter, the circuit breaker board:

- (1) shall consider:
 - (A) the proposed financial plan;
 - (B) comparisons to similarly situated political subdivisions;

(C) the existing revenue and expenditures of political subdivisions in the county; and

(D) any other factor considered relevant by the circuit breaker board; and

(2) may establish subcommittees or temporarily appoint nonvoting members to the circuit breaker board to assist in the review.

Sec. 8. (a) The circuit breaker board may authorize relief as provided in subsection (b) from the application of the credit under IC 6-1.1-20.6 for a calendar year if the governing body of each political subdivision in the county has adopted a resolution agreeing to the terms of the financial plan.

(b) If the conditions of subsection (a) are satisfied, the circuit breaker board may, notwithstanding IC 6-1.1-20.6, do either of the following:

(1) Increase uniformly in the county the percentage threshold (specified as a percentage of gross assessed value) at which the credit under IC 6-1.1-20.6 applies to a person's property tax liability.

(2) Provide for a uniform percentage reduction to credits otherwise provided under IC 6-1.1-20.6 in the county.

(c) If the circuit breaker board provides relief described in subsection (b) in a county, the circuit breaker board shall conduct audits and reviews as necessary to determine whether the political subdivisions in the county are abiding by the terms of the financial plan agreed to under subsection (a).

SECTION 37. IC 6-1.1-20.6-6.5, AS ADDED BY P.L.162-2006, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6.5. (a) This subsection applies only to property taxes first due and payable after December 31, 2006, and before January 1, ~~2007~~, **2008**, attributable to qualified residential property located in Lake County. A person is entitled to a credit each calendar year under section 7(a) of this chapter against the person's property tax liability for property taxes first due and payable in that calendar year attributable to the person's qualified residential property. However, the county fiscal body may, by ordinance adopted before January 1, 2007, limit the application of the credit granted by this subsection to homesteads.

(b) This subsection applies only to property taxes first due and payable after December 31, 2007, and before January 1, 2010. A person is entitled to a credit each calendar year under section 7(a) of this chapter against the person's property tax liability for property taxes first due and payable in that calendar year attributable to:

(1) the person's qualified residential property, in the case of a calendar year before 2008; or

(2) the person's homestead (as defined in IC 6-1.1-20.9-1) property, in the case of a calendar year after 2007 and before 2010.

(c) This subsection applies only to property taxes first due and payable after December 31, 2009. A person is entitled to a credit each calendar year under section 7(b) of this chapter against the person's property tax liability for property taxes first due and payable in that calendar year attributable to the person's real property and personal property.

SECTION 38. IC 6-1.1-20.6-7, AS AMENDED BY P.L.162-2006, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) In the case of a credit authorized under section 6 of this chapter or provided by section 6.5(a) or 6.5(b) of this chapter for property taxes first due and payable in a calendar year:

(1) a person is entitled to a credit against the person's property tax liability for property taxes first due and payable in that calendar year attributable to:

(A) the person's qualified residential property located in the county, in the case of a calendar year before 2008; or

(B) the person's homestead (as defined in IC 6-1.1-20.9-1) property located in the county, in the case of a calendar year after 2007 and before 2010; and

(2) the amount of the credit is the amount by which the person's property tax liability attributable to:

(A) the person's qualified residential property, in the case of a calendar year before 2008; or

(B) the person's homestead property, in the case of a calendar year after 2007 and before 2010;

for property taxes first due and payable in that calendar year exceeds two percent (2%) of the gross assessed value that is the basis for determination of property taxes on the qualified residential property **(in the case of a calendar year before 2008) or the person's homestead property (in the case of a calendar year after 2007 and before 2010)** for property taxes first due and payable in that calendar year, **as adjusted under subsection (c).**

(b) In the case of a credit provided by section 6.5(c) of this chapter for property taxes first due and payable in a calendar year:

(1) a person is entitled to a credit against the person's property tax liability for property taxes first due and payable in that calendar year attributable to the person's real property and personal property located in the county; and

(2) the amount of the credit is ~~the amount by which the person's property tax liability attributable to the person's real property and personal property for property taxes first due and payable in that calendar year exceeds two percent (2%) of the gross assessed value that is the basis for determination of property taxes on the real property and personal property for property taxes first due and payable in that calendar year.~~ **equal to the following:**

(A) In the case of property tax liability attributable to the person's homestead property, the amount of the credit is the amount by which the person's property tax liability attributable to the person's homestead property for property taxes first due and payable in that calendar year exceeds two percent (2%) of the gross assessed value that is the basis for determination of property taxes on the homestead property for property taxes first due and payable in that calendar year, as adjusted under subsection (c).

(B) In the case of property tax liability attributable to property other than homestead property, the amount of the credit is the amount by which the person's

property tax liability attributable to the person's real property (other than homestead property) and personal property for property taxes first due and payable in that calendar year exceeds three percent (3%) of the gross assessed value that is the basis for determination of property taxes on the real property (other than homestead property) and personal property for property taxes first due and payable in that calendar year, as adjusted under subsection (c).

(c) This subsection applies to property taxes first due and payable after December 31, 2007. The amount of a credit to which a person is entitled under subsection (a) or (b) in a county shall be adjusted as determined in STEP FIVE of the following STEPS:

STEP ONE: Determine the total amount of the person's property tax liability described in subsection (a)(1) or (b)(1) (as applicable) that is for tuition support levy property taxes.

STEP TWO: Determine the total amount of the person's property tax liability described in subsection (a)(1) or (b)(1) (as applicable).

STEP THREE: Determine the result of:

- (A) the STEP TWO amount; minus**
- (B) the STEP ONE amount.**

STEP FOUR: Determine the result of:

- (A) the STEP THREE amount; divided by**
- (B) the STEP TWO amount.**

STEP FIVE: Multiply the credit to which the person is entitled under subsection (a) or (b) by the STEP FOUR amount.

Notwithstanding any other provision of this chapter, a school corporation's tuition support property tax levy collections may not be reduced because of a credit under this chapter.

SECTION 39. IC 6-1.1-20.9-2, AS AMENDED BY P.L.162-2006, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 2. (a) Except as otherwise provided in section 5 of this chapter, an individual who on March 1 of a particular year either owns or is buying a homestead under a contract that provides the individual is to pay the property taxes on the homestead is entitled each calendar year to a credit against the property taxes which the individual pays on the individual's homestead. However, only one (1) individual may receive a credit under this chapter for a particular homestead in a particular year.

(b) The amount of the credit to which the individual is entitled equals the product of:

- (1) the percentage prescribed in subsection (d); multiplied by
- (2) the amount of the individual's property tax liability, as that term is defined in IC 6-1.1-21-5, which is:

- (A) attributable to the homestead during the particular calendar year; and
- (B) determined after the application of the property tax replacement credit under IC 6-1.1-21.

(c) For purposes of determining that part of an individual's property tax liability that is attributable to the individual's homestead, all deductions from assessed valuation which the individual claims under IC 6-1.1-12 or IC 6-1.1-12.1 for property on which the individual's homestead is located must be applied first against the assessed value of the individual's homestead before those deductions are applied against any other property.

(d) The percentage of the credit referred to in subsection (b)(1) is as follows:

YEAR	PERCENTAGE OF THE CREDIT
1996	8%
1997	6%
1998 through 2002	10%
2003 through 2005	20%
2006	28%
2007 and thereafter	20%

However, the property tax replacement fund board established under IC 6-1.1-21-10 shall increase the percentage of the credit provided in the schedule for any year if the budget agency determines that an increase is necessary to provide the minimum tax relief authorized under IC 6-1.1-21-2.5. If the board increases the percentage of the credit provided in the schedule for any year, the percentage of the credit for the immediately following year is the percentage provided in the schedule for that particular year, unless as provided in this subsection the board must increase the percentage of the credit provided in the schedule for that particular year. However, the percentage credit allowed in a particular county for a particular year shall be increased if on January 1 of a year an ordinance adopted by a county income tax council was in effect in the county which increased the homestead credit. The amount of the increase equals the amount designated in the ordinance.

(e) Before October 1 of each year, the assessor shall furnish to the county auditor the amount of the assessed valuation of each homestead for which a homestead credit has been properly filed under this chapter.

(f) The county auditor shall apply the credit equally to each installment of taxes that the individual pays for the property.

(g) Notwithstanding the provisions of this chapter, a taxpayer other than an individual is entitled to the credit provided by this chapter if:

- (1) an individual uses the residence as the individual's principal place of residence;
- (2) the residence is located in Indiana;
- (3) the individual has a beneficial interest in the taxpayer;
- (4) the taxpayer either owns the residence or is buying it under a contract, recorded in the county recorder's office, that provides that the individual is to pay the property taxes on the residence; and
- (5) the residence consists of a single-family dwelling and the real estate, not exceeding one (1) acre, that immediately surrounds that dwelling.

SECTION 40. IC 6-1.1-21.2-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 15. (a) A tax

levied under this chapter shall be certified by the department of local government finance to the auditor of the county in which the district is located and shall be:

(1) estimated and entered upon the tax duplicates by the county auditor; and

(2) collected and enforced by the county treasurer;

in the same manner as state and county taxes are estimated, entered, collected, and enforced.

(b) As the tax is collected by the county treasurer, it shall be transferred to the governing body and accumulated and kept in the special fund for the allocation area.

(c) A tax levied under this chapter:

(1) is exempt from the levy limitations imposed under IC 6-1.1-18.5; and

(2) is not subject to IC 6-1.1-20.

(d) Notwithstanding any other provision of this chapter or IC 6-1.1-20.6, a governing body may file with the county auditor a certified statement providing that for purposes of computing and applying a credit under IC 6-1.1-20.6 for a particular calendar year, a taxpayer's property tax liability does not include the liability for a tax levied under this chapter. The department of local government finance shall adopt the form of the certified statement that a governing body may file under this subsection. The department of local government finance shall establish procedures governing the filing of a certified statement under this subsection. If a governing body files a certified statement under this subsection, then for purposes of computing and applying a credit under IC 6-1.1-20.6 for the specified calendar year, a taxpayer's property tax liability does not include the liability for a tax levied under this chapter.

~~(d)~~ (e) A tax levied under this chapter and the use of revenues from a tax levied under this chapter by a governing body do not create a constitutional or statutory debt, pledge, or obligation of the governing body, the district, or any unit.

SECTION 41. IC 6-1.1-29-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) Except as provided in section 9 of this chapter, each county shall have a county board of tax adjustment composed of seven (7) members. The members of the county board of tax adjustment shall be selected as follows:

(1) The county fiscal body shall appoint a member of the body to serve as a member of the county board of tax adjustment.

(2) Either the executive of the largest city in the county or a public official of any city in the county appointed by that executive shall serve as a member of the board. However, if there is no incorporated city in the county, the fiscal body of the largest incorporated town of the county shall appoint a member of the body to serve as a member of the county board of tax adjustment.

(3) The governing body of the school corporation, located entirely or partially within the county, which has the greatest taxable valuation of any school corporation of the county shall appoint a member of the governing body to serve as a member of the county board of tax adjustment.

(4) The remaining four (4) members of the county board of tax adjustment must be residents of the county and freeholders and shall be appointed by the board of commissioners of the county.

(b) This section expires December 31, 2008.

SECTION 42. IC 6-1.1-29-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1.5. (a) **On January 1, 2009, there is established in each county a county board of tax and capital projects review. Except as provided by subsections (b)(7), (b)(8), (c)(7), (c)(8), and (e), each member of the board must be an elected official serving on the fiscal body of the taxing unit or the group of taxing units that the individual represents. The board consists of nine (9) members. All members except the county auditor are voting members. However, the county auditor is entitled to vote to break a tie vote.**

(b) This subsection does not apply to a county containing a consolidated city. For a county having at least two (2) cities, at least two (2) towns, and at least two (2) school corporations, the members of the county board of tax and capital projects review are as follows:

(1) One (1) individual from the county fiscal body.

(2) One (1) individual from the fiscal body of the municipality that has the greatest taxable assessed valuation in the county.

(3) One (1) individual from the fiscal body of the school corporation that has the greatest taxable assessed valuation in the county.

(4) One (1) individual from the fiscal bodies of the cities within the county, excluding a municipality described in subdivision (2).

(5) One (1) individual from the fiscal body of a school corporation within the county (excluding a school corporation described in subdivision (3)), appointed jointly by the fiscal bodies of the school corporations. The appointment under this subdivision must be made from the fiscal bodies of the school corporations (excluding a school corporation described in subdivision (3)) on a rotating basis determined by the school corporations.

(6) One (1) individual from the fiscal bodies of the towns within the county, excluding a town described in subdivision (2).

(7) Two (2) individuals who are residents of the county and are elected by the voters of the county under IC 3-11-2-12.8.

(8) The county auditor.

(c) This subsection does not apply to a county containing a consolidated city. For a county not described in subsection (b), the members of the county board of tax and capital projects review are as follows:

(1) One (1) individual from the county fiscal body.

(2) One (1) individual from the fiscal body of the municipality that has the greatest taxable assessed valuation in the county.

(3) One (1) individual from the fiscal body of the school corporation that has the greatest taxable assessed valuation in the county.

(4) One (1) individual from the fiscal bodies of the cities within the county, or towns within the county in the case of a county not having any cities. However, a municipality described in subdivision (2) is excluded.

(5) One (1) individual from the fiscal bodies of the school corporations within the county, excluding the school corporation described in subdivision (3), unless that school corporation is the only school corporation within the county. If there is more than one (1) school corporation represented under this subdivision, the appointment under this subdivision must be made from the fiscal bodies of the school corporations (excluding a school corporation described in subdivision (3)) on a rotating basis determined by the school corporations.

(6) One (1) individual from the fiscal bodies of the towns within the county. However, a town described in subdivision (2) and a town described in subdivision (4) are excluded.

(7) Two (2) individuals who are residents of the county and are elected by the voters of the county under IC 3-11-2-12.8.

(8) The county auditor.

However, if the county has less than three (3) municipalities, subsection (d), rather than subdivisions (2), (4), and (6), governs the selection of members to represent those municipalities.

(d) If a county is subject to subsection (c) but has less than three (3) municipalities, the members of the board who represent those municipalities are determined in the following manner:

(1) If the county has two (2) municipalities, the members representing those municipalities are two (2) individuals from the fiscal body of the municipality that has the greatest taxable assessed valuation and one (1) individual from the fiscal body of the other municipality.

(2) If the county has only one (1) municipality, the members representing that municipality are three (3) individuals from the fiscal body of the municipality.

(e) The members of the county board of tax and capital projects review in a county containing a consolidated city are as follows:

(1) One (1) individual appointed by the county executive.

(2) One (1) member appointed by the fiscal body of the largest municipality in the county.

(3) One (1) individual appointed by the executive of the largest municipality in the county.

(4) One (1) individual appointed jointly by the executives of all municipalities in the county (other than the largest municipality in the county).

(5) One (1) individual appointed jointly by the fiscal bodies of all municipalities in the county (other than the largest municipality in the county).

(6) The county auditor.

(7) The fiscal officer of the largest municipality in the county.

(8) One (1) individual from the fiscal body of the largest school corporation in the county.

(9) One (1) individual appointed jointly by the fiscal officers of all municipalities in the county (other than the largest municipality in the county). An individual appointed under this subdivision must be the fiscal officer of a municipality in the county.

(f) Members of a county board of tax and capital projects review shall be appointed or elected as provided in section 2 of this chapter.

(g) For purposes of Article 2, Section 9 of the Constitution of the State of Indiana, membership on a county board of tax and capital projects review is not a lucrative office.

(h) A county board of tax and capital projects review is subject to IC 5-14-1.5 and IC 5-14-3.

SECTION 43. IC 6-1.1-29-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) The seven (7) members of the county board of tax adjustment shall be appointed before April 15th of each year, and their appointments shall continue in effect until April 15th of the following year. The four (4) freehold members of the county board of tax adjustment may not be, or have been during the year preceding their appointment, an official or employee of a political subdivision. The four (4) freehold members shall be appointed in such a manner that no more than four (4) of the board members are members of the same political party. This subsection expires December 31, 2008.

(b) The following apply, notwithstanding any other provision:

(1) A member may not be appointed to a county board of tax adjustment after December 31, 2008.

(2) The term of a member of a county board of tax adjustment serving on December 31, 2008, expires on December 31, 2008.

(3) Each county board of tax adjustment is abolished on December 31, 2008.

(c) On or before December 31 of 2008 and each even-numbered year thereafter, each person or entity required to make an appointment to a county board of tax and capital projects review under section 1.5 of this chapter shall make the required appointment or appointments of members who will represent the person or entity on the county board of tax and capital projects review. The appointments take effect January 1 of the following odd-numbered year and continue in effect until December 31 of the following even-numbered year. If a member is to be appointed by one (1) entity, the appointment must be made by a majority vote of the fiscal body in official session. If a member is to be appointed by more than one (1) entity, the appointment must be made by a majority vote of the total members of the entities taken in joint session. If:

(1) a person or entity fails; or

(2) the entities, in the case of a joint appointment, fail;

to make a required appointment of a member by December 31 of an even-numbered year, the county fiscal body shall make the appointment.

(d) This subsection does not apply to a county containing a consolidated city. At the general election in 2008 and every four (4) years thereafter, the voters of each county shall under IC 3-11-2-12.8 elect two (2) individuals who are residents of the county as members of the county board of tax and capital projects review. The term of office of a member elected under this subsection begins January 1 of the year following the member's election and ends December 31 of the fourth year following the member's election. The two (2) members who are elected for a position on the county board of tax and capital projects review are determined as follows:

- (1) The members shall be elected on a nonpartisan basis.
- (2) Each prospective candidate must file a nomination petition with the county election board not earlier than one hundred four (104) days and not later than noon seventy-four (74) days before the election at which the members are to be elected. The nomination petition must include the following information:

(A) The name of the prospective candidate.

(B) The signatures of at least one hundred (100) registered voters residing in the county.

(C) A certification that the prospective candidate meets the qualifications for candidacy imposed by this chapter.

(3) Only eligible voters residing in the county may vote for a candidate.

(4) The two (2) candidates within the county who receive the greatest number of votes in the county are elected.

(e) A member elected under this section may not be, or have been during the year preceding the member's appointment or election, an officer or employee of a political subdivision.

SECTION 44. IC 6-1.1-29-2.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2.5. (a) This section applies after December 31, 2008.

(b) Five (5) members of the county board of tax and capital projects review constitute a quorum.

(c) The county board of tax and capital projects review may adopt rules for the transaction of business at its meetings.

(d) The affirmative votes of at least five (5) members of the county board of tax and capital projects review are required for the board to take action.

(e) The county auditor is the clerk of the county board of tax and capital projects review and shall:

- (1) preserve the board's records in the auditor's office;
- (2) keep an accurate record of the board's proceedings; and
- (3) record the ayes and nays on each vote of the board.

SECTION 45. IC 6-1.1-29-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) If a vacancy occurs in the membership of the county board of tax adjustment (before January 1, 2009) or the county board of tax and capital

projects review (after December 31, 2008) with respect to an appointment made by a fiscal body, the vacancy shall be filled in the same manner provided for the original appointment.

(b) If a vacancy occurs after December 31, 2008, in the membership of the county board of tax and capital projects review with respect to a member elected under section 2(d) of this chapter, the county fiscal body shall appoint an individual to fill the vacancy for the remainder of the term.

SECTION 46. IC 6-1.1-29-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) Except as provided in subsection (b), each county board of tax adjustment (before January 1, 2009) or county board of tax and capital projects review (after December 31, 2008), except the board for a consolidated city and county and for a county containing a second class city, shall hold its first meeting of each year for the purpose of reviewing budgets, tax rates, and levies on September 22 or on the first business day after September 22, if September 22 is not a business day. The board for a consolidated city and county and for a county containing a second class city shall hold its first meeting of each year for the purpose of reviewing budgets, tax rates, and levies on the first Wednesday following the adoption of city and county budget, tax rate, and tax levy ordinances. The board shall hold the first meeting at the office of the county auditor. At the first meeting of each year, the board shall elect a chairman and a vice-chairman. After the first this meeting, the board shall continue to meet from day to day at any convenient place until its business is completed. However, the board must, except as provided in subsection (b), complete its duties on or before the date prescribed in IC 6-1.1-17-9(a). After the first meeting, the board may hold subsequent meetings at any convenient place.

(b) This section does not limit the ability of the county board of tax and capital projects review to meet after December 31, 2008, at any time during a year to carry out its duties under IC 6-1.1-29.5.

SECTION 47. IC 6-1.1-29-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. The county auditor shall serve as clerk of the county board of tax adjustment. The clerk shall keep a complete record of all the board's proceedings. The clerk may not vote on matters before the board. This section expires December 31, 2008.

SECTION 48. IC 6-1.1-29-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) The four (4) freehold members of the county board of tax adjustment shall receive compensation on a per diem basis for each day of actual service. The rate of this compensation is the same as the rate that the freehold members of the county property tax assessment board of appeals of that county receive. The county auditor shall keep an attendance record of each meeting of the county board of tax adjustment. At the close of each annual session, the county auditor shall certify to the county board of commissioners the number of days actually served by each freehold member. The county board of commissioners may not allow claims for service on the county board of tax adjustment for more days than the number of days certified by the county auditor. This subsection expires December

31, 2008.

(b) A member of the county board of tax and capital projects review who is elected under section 1.5 of this chapter shall receive compensation from the county on a per diem basis for each day of actual service on the board. The rate of the compensation is equal to the rate that members of the county property tax assessment board of appeals in the county receive under IC 6-1.1-28-3. The county auditor shall keep an attendance record of each meeting of the county board of tax and capital projects review. The county auditor shall certify to the county executive the number of days actually served by each elected member. The county executive may not allow claims for service on the county board of tax and capital projects review for more days than the number of days certified by the county auditor. Appointed members of the county board of tax and capital projects review are not entitled to per diem compensation.

SECTION 49. IC 6-1.1-29-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. A county board of tax adjustment (before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008) may require an official of a political subdivision of the county to appear before the board. In addition, the board may require such an official to provide the board with information which is related to the budget, tax rate, or tax levy of the political subdivision.

SECTION 50. IC 6-1.1-29-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. A county board of tax adjustment (before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008) may employ an examiner of the state board of accounts to assist the county board with its duties. If the board desires to employ an examiner, it shall adopt a resolution which states the number of days that the examiner is to serve, when the county board files a copy of the resolution with the chief examiner of the state board of accounts, the state board of accounts shall assign an examiner to the county board of tax adjustment (before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008) for the number of days stated in the resolution. When an examiner of the state board of accounts is employed by a county board of tax adjustment (before January 1, 2009) or a county board of tax and capital projects review (after December 31, 2008) under this section, the county shall pay the expenses related to his the examiner's services in the same manner that expenses are to be paid under IC 1971, 5-11-4-3.

SECTION 51. IC 6-1.1-29-9, AS AMENDED BY P.L.2-2006, SECTION 66, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) **This subsection expires December 31, 2008.** A county council may adopt an ordinance to abolish the county board of tax adjustment. This ordinance must be adopted by July 1 and may not be rescinded in the year it is adopted. Notwithstanding IC 6-1.1-17, IC 6-1.1-18, IC 20-45, IC 20-46, IC 12-19-7, IC 12-19-7.5, IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-11, IC 36-9-3, IC 36-9-4, and IC 36-9-13, if such an ordinance is adopted, this section governs the treatment of

tax rates, tax levies, and budgets that would otherwise be reviewed by a county board of tax adjustment under IC 6-1.1-17.

(b) This subsection applies after December 31, 2008. Subject to subsection (e), a county board of tax and capital projects review may not review or modify tax rates, tax levies, and budgets if the county council:

- (1) adopts an ordinance to abolish the county board of tax adjustment before January 1, 2009; or
- (2) adopts an ordinance before July 2 of any year to prohibit the county board of tax and capital projects review from carrying out such reviews.

An ordinance described in this subsection may not be rescinded in the year it is adopted. Notwithstanding IC 6-1.1-17, IC 6-1.1-18, IC 8-18-21-13, IC 12-19-7, IC 12-19-7.5, IC 14-30-2-19, IC 14-30-4-16, IC 14-33-9-1, IC 20-45, IC 20-46, IC 36-7-15.1-26.9, IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-11, IC 36-9-3, IC 36-9-4, and IC 36-9-13, if such an ordinance is adopted and has not been rescinded, this section governs the treatment of tax rates, tax levies, and budgets that would otherwise be reviewed by a county board of tax and capital projects review. If an ordinance described in subdivision (1) or (2) has been adopted in a county and has not been rescinded, the county board of tax and capital projects review may not review tax rates, tax levies, and budgets (other than for capital projects) under IC 6-1.1-17-3, IC 6-1.1-17-5, IC 6-1.1-17-5.6, IC 6-1.1-17-6, IC 6-1.1-17-7, IC 6-1.1-17-9, IC 6-1.1-17-10, IC 6-1.1-17-11, IC 6-1.1-17-12, IC 6-1.1-17-14, IC 6-1.1-17-15, IC 6-1.1-29-4(a), IC 8-18-21-13, IC 12-19-7, IC 12-19-7.5, IC 14-30-2-19, IC 14-30-4-16, IC 14-33-9-1, IC 20-45, IC 20-46, IC 36-7-15.1-26.9, IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-11, IC 36-9-3, IC 36-9-4, or IC 36-9-13.

(b) (c) The time requirements set forth in IC 6-1.1-17 govern all filings and notices.

(c) (d) If an ordinance described in subsection (a) or (b) is adopted and has not been rescinded, a tax rate, tax levy, or budget that otherwise would be reviewed by the county board of tax adjustment (before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008) is considered and must be treated for all purposes as if the county board of tax adjustment approved the tax rate, tax levy, or budget. This includes the notice of tax rates that is required under IC 6-1.1-17-12.

(e) This section does not prohibit a county board of tax and capital projects review from reviewing tax rates, tax levies, and budgets for informational purposes as necessary to carry out its duties under IC 6-1.1-29.5.

SECTION 52. IC 6-1.1-29.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

Chapter 29.5. Capital Projects Review

Sec. 0.5. This chapter applies only to a capital project that meets both of the following conditions:

- (1) The capital project is a controlled project (as defined in IC 6-1.1-20-1.1), except as provided in subdivision (2).

(2) Notwithstanding IC 6-1.1-20-1.1(2), the capital project will cost the political subdivision more than seven million dollars (\$7,000,000).

Sec. 1. (a) As used in this chapter, "capital project" means any:

- (1) acquisition of land;
- (2) site improvements;
- (3) infrastructure improvements;
- (4) construction of buildings or structures;
- (5) rehabilitation, renovation, or enlargement of buildings or structures; or
- (6) acquisition or improvement of machinery, equipment, furnishings, or facilities required for the operation of buildings, structures, or infrastructure;

(or any combination of subdivisions (1) through (6)) by a political subdivision.

(b) The term does not include projects for the construction, reconstruction, improvement, enlargement, extension, or maintenance of any of the following:

- (1) Wastewater treatment.
- (2) Sewer systems, including storm water management.
- (3) Water storage, water distribution (including water lines), and other drinking water systems.
- (4) Water management or water supply.
- (5) Drainage or flood control.
- (6) Any works (as defined in IC 13-11-2-269(1)) for a water project.
- (7) Any works (as defined in IC 13-11-2-269(2)) for a sewer project.
- (8) Highways or roads.
- (9) Bridges.
- (10) Any other water project, sewer project, bridge project, or highway or road project.

Sec. 2. As used in this chapter, "fiscal body" has the meaning set forth in IC 36-1-2-6.

Sec. 3. As used in this chapter, "political subdivision" has the meaning set forth in IC 36-1-2-13.

Sec. 4. As used in this chapter, "review board" refers to the county board of tax and capital projects review established in a county under IC 6-1.1-29.

Sec. 5. (a) The fiscal body of each political subdivision shall do the following:

- (1) After January 1 and before October 1 of 2009 and every two (2) years thereafter:
 - (A) hold a public hearing on a proposed capital projects plan for the political subdivision; and
 - (B) adopt a capital projects plan by ordinance or resolution.

(2) Submit a copy of the capital projects plan and the ordinance or resolution to the review board not later than fifteen (15) days following the adoption of the capital projects plan.

(b) If a political subdivision contains territory in more than one (1) county, the fiscal body shall transmit a copy of the capital projects plan and the ordinance or resolution to the

review board of each county in which the political subdivision contains territory.

Sec. 6. (a) The department of local government finance shall by rule prescribe the format of a capital projects plan. A capital projects plan must apply to at least the five (5) years immediately following the year the capital projects plan is adopted and must include the following components for each year covered by the capital projects plan:

- (1) A general description of the political subdivision.
- (2) A description of facilities owned by the political subdivision and the use of the facilities.
- (3) The location and general description of each proposed capital project and the intended use of each proposed capital project.
- (4) The estimated total cost of each proposed capital project.
- (5) Identification of all sources of funds expected to be used for each proposed capital project.
- (6) The planning, development, and construction schedule of each proposed capital project.
- (7) Any other element required by the department of local government finance.

(b) The department of local government finance shall by rule establish a procedure for amendment of a capital projects plan in the case of an emergency.

Sec. 7. Before a public hearing on a proposed capital projects plan is held by the fiscal body of a political subdivision under section 5(a)(1) of this chapter, the fiscal body shall publish a summary of the proposed capital projects plan and a notice of the hearing in accordance with IC 5-3-1-2(b).

Sec. 8. When the fiscal body of a political subdivision holds a public hearing on a proposed capital projects plan under section 5(a)(1) of this chapter, the fiscal body shall allow the public the opportunity to testify concerning the proposed capital projects plan. However, the fiscal body may limit testimony at the public hearing to a reasonable time stated at the opening of the public hearing.

Sec. 9. (a) The review board shall hold a public hearing on a proposed capital projects plan submitted by a political subdivision. The review board shall allow the public the opportunity to testify concerning the proposed capital projects plan.

(b) The review board shall provide the fiscal body of a political subdivision with a written report concerning the review board's findings and recommendations concerning the fiscal body's capital projects plan not more than sixty (60) business days after the review board's receipt of the capital projects plan.

(c) If the fiscal body of a political subdivision receives a written report under subsection (b) that makes a recommendation against an element included in the political subdivision's capital projects plan, the political subdivision may retain that element in the capital projects plan only if the fiscal body at a public meeting addresses the review board's concerns and enters into the record of the public meeting an explanation

of why that element should be retained in the capital projects plan.

Sec. 10. (a) The fiscal body of a political subdivision that intends to construct, acquire, or carry out a capital project subject to this chapter:

- (1) must submit the plan of the capital project to the review board in the manner provided by this chapter; and
- (2) except as provided in section 14 of this chapter, may not:

- (A) begin construction or acquisition of the capital project;
- (B) enter into contracts for the construction or acquisition of the capital project;
- (C) procure supplies necessary for construction or acquisition of the capital project;
- (D) issue bonds, notes, or warrants, or otherwise borrow money for the capital project;
- (E) enter into a lease or other agreement that would provide debt service for bonds or other obligations issued by the political subdivision or another entity to finance the capital project; or
- (F) approve any of the actions described in clauses (A) through (E) by another entity;

unless the review board approves the capital project under section 13 of this chapter.

(b) If a political subdivision contains territory in more than one (1) county, the fiscal body of the political subdivision must submit the proposed capital project to the review board of each of those counties.

(c) The fiscal body of a political subdivision may not artificially divide a capital project into multiple capital projects in order to avoid the requirements of this section.

Sec. 11. (a) Before the fiscal body of a political subdivision may submit a capital project described in section 10 of this chapter to the review board, the fiscal body shall:

- (1) hold a public hearing on the proposed capital project; and
- (2) prepare a feasibility study that supports the scope and cost of the proposed capital project.

Before a public hearing on a proposed capital project is held by the fiscal body of a political subdivision under this section, the fiscal body shall publish a description of the proposed capital project and a notice of the hearing in accordance with IC 5-3-1-2(b).

(b) The fiscal body of a political subdivision may consider multiple capital projects at a public hearing held under this section.

(c) When the fiscal body of a political subdivision holds a public hearing under this section, the fiscal body shall allow any person an opportunity to be heard in the presence of others who are present to testify with respect to the proposed capital project. However, the fiscal body may limit testimony at a public hearing to a reasonable time stated at the opening of the public hearing.

(d) After holding a public hearing under this section and considering all information submitted by persons testifying at the hearing, the fiscal body of a political subdivision may adopt an ordinance or resolution requesting approval of the proposed capital project by the review board. The fiscal body shall immediately transmit a copy of the ordinance or resolution to the review board. If the political subdivision contains territory in more than one (1) county, the fiscal body shall transmit a copy of the ordinance or resolution to the review board of each of those counties.

Sec. 12. (a) Before taking action on a request for approval of a proposed capital project described in section 10 of this chapter, a review board must conduct a public hearing on the proposed project. If a public hearing is scheduled under this section, the review board shall publish a description of the proposed capital project and a notice of the hearing in accordance with IC 5-3-1-2(b).

(b) The review board may consider multiple capital projects at a public hearing held under this section.

(c) The review board may require the fiscal body of a political subdivision that submits a request for approval of a capital project to provide plans, specifications, cost estimates, estimated impacts on tax rates, and other relevant information concerning that project.

(d) When a review board holds a public hearing under this section, the review board shall allow the public an opportunity to testify concerning the proposed capital project. However, the review board may limit testimony at a public hearing to a reasonable time stated at the opening of the public hearing.

Sec. 13. (a) After considering all information submitted at the hearing under section 12 of this chapter by the fiscal body of the political subdivision and by persons testifying at the hearing, the review board may approve or disapprove a proposed capital project. The review board may consider the following factors when reviewing a proposed capital project:

- (1) The age, condition, and adequacy of existing facilities.
- (2) The cost per square foot of the proposed capital project.
- (3) The relative priority the proposed capital project should have among other capital projects proposed within the county.
- (4) The estimated impact the proposed capital project would have on tax rates.
- (5) Any other factors considered pertinent by the review board.

(b) A review board may not disapprove a proposed capital project that is required by a court order.

(c) If a review board does not issue a decision with respect to a proposed capital project within ninety (90) days after the review board's receipt of the plan of the capital project under section 11 of this chapter, the capital project is considered approved by the review board as submitted.

(d) If a proposed capital project is submitted to the review boards of two (2) or more counties as required by section 10(b)

of this chapter and the project is disapproved by any of the review boards, the project is considered to be disapproved.

(e) All orders of the review board under this section shall be filed with the affected political subdivision and with the department of local government finance.

Sec. 14. If the review board disapproves a capital project under section 13 of this chapter, the political subdivision that proposed the project may take any action under section 10(a)(2) of this chapter with regard to the capital project if:

(1) not more than sixty (60) days after the review board's disapproval, the political subdivision initiates the petition and remonstrance process under IC 6-1.1-20-3.4; and

(2) the capital project is approved in the petition and remonstrance process under IC 6-1.1-20.

SECTION 53. IC 6-2.5-5-8, AS AMENDED BY SEA 500-2007, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) As used in this section, "new motor vehicle" has the meaning set forth in IC 9-13-2-111.

(b) Transactions involving tangible personal property other than a new motor vehicle are exempt from the state gross retail tax if the person acquiring the property acquires it for resale, rental, or leasing in the ordinary course of the person's business without changing the form of the property.

(c) The following transactions involving a new motor vehicle are exempt from the state gross retail tax:

(1) A transaction in which a person that has a franchise in effect at the time of the transaction for the vehicle trade name, trade or service mark, or related characteristics acquires a new motor vehicle for resale, rental, or leasing in the ordinary course of the person's business.

(2) A transaction in which a person that is a franchisee appointed by a manufacturer or converter manufacturer licensed under IC 9-23 acquires a new motor vehicle that has at least one (1) trade name, service mark, or related characteristic as a result of modification or further manufacture by the manufacturer or converter manufacturer for resale, rental, or leasing in the ordinary course of the person's business.

(3) A transaction in which a person acquires a new motor vehicle for rental or leasing in the ordinary course of the person's business.

(d) The rental or leasing of accommodations to a promoter by a political subdivision (including a capital improvement board) or the state fair commission is not exempt from the state gross retail tax, if the rental or leasing of the property by the promoter is exempt under IC 6-2.5-4-4.

(e) **This subsection applies only after June 30, 2008.** A transaction in which a person acquires an aircraft for rental or leasing in the ordinary course of the person's business is not exempt from the state gross retail tax unless the person establishes, under guidelines adopted by the department in the manner provided in IC 4-22-2-37.1 for the adoption of emergency rules, that the annual amount of the lease revenue derived from leasing the aircraft is equal to or greater than:

(1) ten percent (10%) of the greater of the original cost or the book value of the aircraft, if the original cost of the aircraft was less than one million dollars (\$1,000,000); or

(2) seven and five-tenths percent (7.5%) of the greater of the original cost or the book value of the aircraft, if the original cost of the aircraft was at least one million dollars (\$1,000,000).

SECTION 54. IC 6-3.5-1.1-2, AS AMENDED BY P.L.162-2006, SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) The county council of any county in which the county option income tax will not be in effect on ~~July~~ **October** 1 of a year under an ordinance adopted during a previous calendar year may impose the county adjusted gross income tax on the adjusted gross income of county taxpayers of its county effective July 1 of that year.

(b) Except as provided in section 2.3, 2.5, ~~2.6~~, 2.7, 2.8, 2.9, 3.3, 3.5, ~~or 3.6~~, **24, 25, or 26** of this chapter, the county adjusted gross income tax may be imposed at a rate of one-half of one percent (0.5%), three-fourths of one percent (0.75%), or one percent (1%) on the adjusted gross income of resident county taxpayers of the county. Any county imposing the county adjusted gross income tax must impose the tax on the nonresident county taxpayers at a rate of one-fourth of one percent (0.25%) on their adjusted gross income. If the county council elects to decrease the county adjusted gross income tax, the county council may decrease the county adjusted gross income tax rate in increments of one-tenth of one percent (0.1%).

(c) To impose the county adjusted gross income tax, the county council must, after ~~January 1~~ **March 31** but before ~~April~~ **August 1** of a year, adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Council imposes the county adjusted gross income tax on the county taxpayers of _____ County. The county adjusted gross income tax is imposed at a rate of _____ percent (____%) on the resident county taxpayers of the county and one-fourth of one percent (0.25%) on the nonresident county taxpayers of the county. This tax takes effect ~~July~~ **October** 1 of this year."

(d) Any ordinance adopted under this section takes effect ~~July~~ **October** 1 of the year the ordinance is adopted.

(e) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(f) If the county adjusted gross income tax had previously been adopted by a county under IC 6-3.5-1 (before its repeal on March 15, 1983) and that tax was in effect at the time of the enactment of this chapter, then the county adjusted gross income tax continues in that county at the rates in effect at the time of enactment until the rates are modified or the tax is rescinded in the manner prescribed by this chapter. If a county's adjusted gross income tax is continued under this subsection, then the tax shall be treated as if it had been imposed under this chapter and is subject to rescission or reduction as authorized in this chapter.

SECTION 55. IC 6-3.5-1.1-2.3, AS ADDED BY P.L.162-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2.3. (a) This section applies to Jasper County.

(b) The county council may, by ordinance, determine that additional county adjusted gross income tax revenue is needed in the county to:

- (1) finance, construct, acquire, improve, renovate, or equip:
 - (A) jail facilities;
 - (B) juvenile court, detention, and probation facilities;
 - (C) other criminal justice facilities; and
 - (D) related buildings and parking facilities;

located in the county, including costs related to the demolition of existing buildings and the acquisition of land; and

- (2) repay bonds issued or leases entered into for the purposes described in subdivision (1).

(c) The county council may, by ordinance, determine that additional county adjusted gross income tax revenue is needed in the county to operate or maintain any of the facilities described in subsection (b)(1)(A) through (b)(1)(D) that are located in the county. The county council may make a determination under both this subsection and subsection (b).

(d) In addition to the rates permitted by section 2 of this chapter, the county council may impose the county adjusted gross income tax at a rate of:

- (1) fifteen-hundredths percent (0.15%);
- (2) two-tenths percent (0.2%); or
- (3) twenty-five hundredths percent (0.25%);

on the adjusted gross income of county taxpayers if the county council makes a finding and determination set forth in subsection (b) or (c).

(e) If the county council imposes the tax under this section to pay for the purposes described in both subsections (b) and (c), when:

- (1) the financing, construction, acquisition, improvement, renovation, and equipping described in subsection (b) are completed; and
- (2) all bonds issued or leases entered into to finance the construction, acquisition, improvement, renovation, and equipping described in subsection (b) are fully paid;

the county council shall, subject to subsection (d), establish a tax rate under this section by ordinance such that the revenue from the tax does not exceed the costs of operating and maintaining the jail facilities described in subsection (b)(1)(A). The tax rate may not be imposed at a rate greater than is necessary to carry out the purposes described in subsections (b) and (c), as applicable.

(f) An ordinance adopted under this section before ~~June 1, 2006~~, or ~~April August 1~~ in a ~~subsequent~~ year applies to the imposition of county income taxes after ~~June September 30~~ in that year. An ordinance adopted under this section after ~~May 31, 2006~~, and ~~March July 31~~ of a ~~subsequent~~ year initially applies to the imposition of county option income taxes after ~~June September 30~~ of the immediately following year.

(g) The tax imposed under this section may be imposed only until the latest of the following:

- (1) The date on which the financing, construction, acquisition, improvement, renovation, and equipping described in subsection (b) are completed.
- (2) The date on which the last of any bonds issued or leases entered into to finance the construction, acquisition, improvement, renovation, and equipping described in subsection (b) are fully paid.
- (3) The date on which an ordinance adopted under subsection (c) is rescinded.

(h) The term of the bonds issued (including any refunding bonds) or a lease entered into under subsection (b)(2) may not exceed twenty (20) years.

(i) The county treasurer shall establish a criminal justice facilities revenue fund to be used only for purposes described in this section. County adjusted gross income tax revenues derived from the tax rate imposed under this section shall be deposited in the criminal justice facilities revenue fund before making a certified distribution under section 11 of this chapter.

(j) County adjusted gross income tax revenues derived from the tax rate imposed under this section:

- (1) may be used only for the purposes described in this section;
- (2) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5; and
- (3) may be pledged to the repayment of bonds issued or leases entered into for any or all the purposes described in subsection (b).

(k) Notwithstanding any other law, money remaining in the criminal justice facilities revenue fund established under subsection (i) after the tax imposed by this section is terminated under ~~subsection (f)~~ **subsection (g)** shall be transferred to the county highway fund to be used for construction, resurfacing, restoration, and rehabilitation of county highways, roads, and bridges.

SECTION 56. IC 6-3.5-1.1-2.6 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 2.6. (a) This section applies to Parke County.**

(b) The county council may, by ordinance, determine that additional county adjusted gross income tax revenue is needed in the county to:

- (1) fund the costs (including pre-trial costs) of a capital trial that has been moved to another county for trial; and**
- (2) to repay money borrowed for the purpose described in subdivision (1).**

(c) In addition to the rates permitted by section 2 of this chapter, if the county council makes a determination described in subsection (b), the county council may by ordinance impose the county adjusted gross income tax at a rate not to exceed the lesser of:

- (1) a rate necessary to carry out the purposes of subsection (b); or**

(2) twenty-five hundredths percent (0.25%);
on the adjusted gross income of county taxpayers.

(d) The tax imposed under this section may be imposed only until the later of the following:

(1) The date on which the costs described in subsection (b), including the repayment of money borrowed for the purposes described in subsection (b), are fully paid.

(2) The date on which an ordinance adopted under subsection (c) is rescinded.

(e) The term of any borrowing described in subsection (b)(2) may not exceed three (3) years.

(f) The county treasurer shall establish a capital trial revenue fund to be used only for purposes described in this section. County adjusted gross income tax revenues derived from the tax rate imposed under this section shall be deposited in the capital trial revenue fund before making a certified distribution under section 11 of this chapter.

(g) County adjusted gross income tax revenues derived from the tax rate imposed under this section:

(1) may be used only for the purposes described in this section;

(2) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5; and

(3) may be pledged for the payment of costs described in subsection (b).

(h) Notwithstanding any other law, money remaining in the capital trial revenue fund established under subsection (f) after the tax imposed by this section is terminated under subsection (d) shall be transferred to the county general fund to be used for criminal justice costs.

SECTION 57. IC 6-3.5-1.1-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) The county council may increase the county adjusted gross income tax rate imposed upon the resident county taxpayers of the county. To increase the rate, the county council must, after ~~January~~ + ~~March~~ **31** but before ~~April~~ **August** 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Council increases the county adjusted gross income tax rate imposed upon the resident county taxpayers of the county from _____ percent (___%) to _____ percent (___%). This tax rate increase takes effect ~~July~~ **October** 1 of this year."

(b) Any ordinance adopted under this section takes effect ~~July~~ **October** 1 of the year the ordinance is adopted.

(c) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 58. IC 6-3.5-1.1-3.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3.1. (a) The county council may decrease the county adjusted gross income tax rate imposed upon the resident county taxpayers of the county. To decrease the rate, the county council must, after ~~January~~ + ~~March~~

31 but before ~~April~~ **August** 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Council decreases the county adjusted gross income tax rate imposed upon the resident county taxpayers of the county from _____ percent (___%) to _____ percent (___%). This tax rate decrease takes effect ~~July~~ **October** 1 of this year."

(b) A county council may not decrease the county adjusted gross income tax rate if the county or any commission, board, department, or authority that is authorized by statute to pledge the county adjusted gross income tax has pledged the county adjusted gross income tax for any purpose permitted by IC 5-1-14 or any other statute.

(c) Any ordinance adopted under this section takes effect ~~July~~ **October** 1 of the year the ordinance is adopted.

(d) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

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

(f) This subsection applies only to a county having a population of more than one hundred ten thousand (110,000) but less than one hundred fifteen thousand (115,000). The county council may adopt or increase the county economic development income tax rate under IC 6-3.5-7 in the same year that the county council decreases the county adjusted gross income tax rate if the county economic development income tax rate plus the county adjusted gross income tax rate in effect after the county council decreases the county adjusted gross income tax rate is less than the county adjusted gross income tax rate in effect before the adoption of an ordinance under this section decreasing the rate of the county adjusted gross income tax.

SECTION 59. IC 6-3.5-1.1-3.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3.5. (a) This section applies only to a county having a population of more than thirteen thousand five hundred (13,500) but less than fourteen thousand (14,000).

(b) The county council of a county described in subsection (a) may, by ordinance, determine that additional county adjusted gross income tax revenue is needed in the county to fund the operation and maintenance of a jail and justice center.

(c) Notwithstanding section 2 of this chapter, if the county council adopts an ordinance under subsection (b), the county council may impose the county adjusted gross income tax at a rate of one and three-tenths percent (1.3%) on adjusted gross income. However, a county may impose the county adjusted gross income tax at a rate of one and three-tenths percent (1.3%) for only eight (8) years. After the county has imposed the county adjusted gross income tax at a rate of one and three-tenths percent (1.3%) for eight (8) years, the rate is reduced to one percent (1%). If the county

council imposes the county adjusted gross income tax at a rate of one and three-tenths percent (1.3%), the county council may decrease the rate or rescind the tax in the manner provided under this chapter.

(d) If a county imposes the county adjusted gross income tax at a rate of one and three-tenths percent (1.3%) under this section, the revenue derived from a tax rate of three-tenths percent (0.3%) on adjusted gross income:

- (1) shall be paid to the county treasurer;
- (2) may be used only to pay the costs of operating and maintaining a jail and justice center; and
- (3) may not be considered by the department of local government finance under any provision of IC 6-1.1-18.5, including the determination of the county's maximum permissible property tax levy.

~~(e) Notwithstanding section 3 of this chapter, the county fiscal body may adopt an ordinance under this section before June 1.~~

SECTION 60. IC 6-3.5-1.1-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) The county adjusted gross income tax imposed by a county council under this chapter remains in effect until rescinded.

(b) Except as provided in subsection (e), the county council may rescind the county adjusted gross income tax by adopting an ordinance to rescind the tax after ~~January 1~~ **March 31** but before ~~June August 1~~ of a year.

(c) Any ordinance adopted under this section takes effect ~~July~~ **October** 1 of the year the ordinance is adopted.

(d) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(e) A county council may not rescind the county adjusted gross income tax or take any action that would result in a civil taxing unit in the county having a smaller certified share than the certified share to which the civil taxing unit was entitled when the civil taxing unit pledged county adjusted gross income tax if the civil taxing unit or any commission, board, department, or authority that is authorized by statute to pledge county adjusted gross income tax has pledged county adjusted gross income tax for any purpose permitted by IC 5-1-14 or any other statute. The prohibition in this section does not apply if the civil taxing unit pledges legally available revenues to fully replace the civil taxing unit's certified share that has been pledged.

SECTION 61. IC 6-3.5-1.1-9, AS AMENDED BY P.L.207-2005, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) Revenue derived from the imposition of the county adjusted gross income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it. The amount to be distributed to a county during an ensuing calendar year equals the amount of county adjusted gross income tax revenue that the department, after reviewing the recommendation of the budget agency, determines has been:

- (1) received from that county for a taxable year ending before

the calendar year in which the determination is made; and
(2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

as adjusted (as determined after review of the recommendation of the budget agency) for refunds of county adjusted gross income tax made in the state fiscal year.

(b) Before August 2 of each calendar year, the department, after reviewing the recommendation of the budget agency, shall certify to the county auditor of each adopting county the amount determined under subsection (a) plus the amount of interest in the county's account that has accrued and has not been included in a certification made in a preceding year. The amount certified is the county's "certified distribution" for the immediately succeeding calendar year. The amount certified shall be adjusted under subsections (c), (d), (e), (f), ~~and (g), and (h)~~. The department shall provide with the certification an informative summary of the calculations used to determine the certified distribution. **The department shall also certify information concerning the part of the certified distribution that is attributable to a tax rate under section 24, 25, or 26 of this chapter. This information must be certified to the county auditor and to the department of local government finance not later than September 1 of each calendar year. The part of the certified distribution that is attributable to a tax rate under section 24, 25, or 26 of this chapter may be used only as specified in those provisions.**

(c) The department shall certify an amount less than the amount determined under subsection (b) if the department, after reviewing the recommendation of the budget agency, determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(d) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 10(b) of this chapter.

(f) This subsection applies to a county that:

- (1) initially imposes the county adjusted gross income tax; or
- (2) increases the county adjusted income tax rate;

under this chapter in the same calendar year in which the department makes a certification under this section. The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide

for a distribution in the immediately following calendar year and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c).

(g) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 3.3 of this chapter beginning not later than the tenth month after the month in which additional revenue from the tax authorized under section 3.3 of this chapter is initially collected.

(h) This subsection applies in the year in which a county initially imposes a tax rate under section 24 of this chapter. Notwithstanding any other provision, the department shall adjust the part of the county's certified distribution that is attributable to the tax rate under section 24 of this chapter to provide for a distribution in the immediately following calendar year equal to the result of:

(1) the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) in the year in which the county initially imposes a tax rate under section 24 of this chapter; multiplied by

(2) two (2).

SECTION 62. IC 6-3.5-1.1-10, AS AMENDED BY P.L.147-2006, SECTION 2, AS AMENDED BY P.L.162-2006, SECTION 29, AND AS AMENDED BY P.L.2-2006, SECTION 68, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) Except as provided in subsection (b), one-half (1/2) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 8 of this chapter to the appropriate county treasurer on May 1 and the other one-half (1/2) on November 1 of that calendar year.

(b) This subsection applies to a county having a population of more than one hundred forty-five thousand (145,000) but less than one hundred forty-eight thousand (148,000). Notwithstanding section 9 of this chapter, the initial certified distribution certified for a county under section 9 of this chapter shall be distributed to the county treasurer from the account established for the county under section 8 of this chapter according to the following schedule during the eighteen (18) month period beginning on July 1 of the year in which the county initially adopts an ordinance under section 2 of this chapter:

- (1) One-fourth (1/4) on October 1 of the *calendar* year in which the ordinance was adopted.
- (2) One-fourth (1/4) on January 1 of the calendar year following the year in which the ordinance was adopted.
- (3) One-fourth (1/4) on May 1 of the calendar year following the year in which the ordinance was adopted.
- (4) One-fourth (1/4) on November 1 of the calendar year following the year in which the ordinance was adopted.

Notwithstanding section 11 of this chapter, the part of the certified distribution received under subdivision (1) that would otherwise be allocated to a civil taxing unit or school corporation as property tax replacement credits under section 11 of this chapter shall be set

aside and treated for the calendar year when received by the civil taxing unit or school corporation as a levy excess subject to IC 6-1.1-18.5-17 or ~~IC 6-1.1-19-1.7~~. IC 20-44-3. Certified distributions made to the county treasurer for calendar years following the eighteen (18) month period described in this subsection shall be made as provided in subsection (a).

(c) Except for:

(1) revenue that must be used to pay the costs of:

(A) financing, constructing, acquiring, improving, renovating, equipping, operating, or maintaining facilities and buildings;

(B) debt service on bonds; or

(C) lease rentals;

under section 2.3 of this chapter;

~~(2)~~ *(2) revenue that must be used to pay the costs of operating a jail and juvenile detention center under section 2.5(d) of this chapter;*

~~(3)~~ *(3) revenue that must be used to pay the costs of:*

(A) financing, constructing, acquiring, improving, renovating, ~~or~~ equipping, operating, or maintaining facilities and buildings;

(B) debt service on bonds; or

(C) lease rentals;

under section 2.8 of this chapter;

~~(4)~~ *(4) revenue that must be used to pay the costs of construction, improvement, renovation, or remodeling of a jail and related buildings and parking structures under section 2.7, 2.9, or 3.3 of this chapter;*

~~(5)~~ *(5) revenue that must be used to pay the costs of operating and maintaining a jail and justice center under section 3.5(d) of this chapter; ~~or~~*

~~(6)~~ *(6) revenue that must be used to pay the costs of constructing, acquiring, improving, renovating, or equipping a county courthouse under section 3.6 of this chapter;*

(7) revenue under section 2.6 of this chapter; or

(8) revenue attributable to a tax rate under section 24, 25, or 26 of this chapter;

distributions made to a county treasurer under subsections (a) and (b) shall be treated as though they were property taxes that were due and payable during that same calendar year. Except as provided by subsection (b) **and sections 24, 25, and 26 of this chapter**, the certified distribution shall be distributed and used by the taxing units and school corporations as provided in sections 11 through 15 of this chapter.

(d) All distributions from an account established under section 8 of this chapter shall be made by warrants issued by the auditor of the state to the treasurer of the state ordering the appropriate payments.

SECTION 63. IC 6-3.5-1.1-11, AS AMENDED BY P.L.147-2006, SECTION 3, AND AS AMENDED BY P.L.162-2006, SECTION 30, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) Except for:

(1) revenue that must be used to pay the costs of:

(A) financing, constructing, acquiring, improving, renovating, equipping, operating, or maintaining facilities and buildings;

(B) debt service on bonds; or

(C) lease rentals;

under section 2.3 of this chapter;

~~(2)~~ (2) revenue that must be used to pay the costs of operating a jail and juvenile detention center under section 2.5(d) of this chapter;

~~(3)~~ (3) revenue that must be used to pay the costs of:

(A) financing, constructing, acquiring, improving, renovating, ~~or~~ equipping, operating, or maintaining facilities and buildings;

(B) debt service on bonds; or

(C) lease rentals;

under section 2.8 of this chapter;

~~(4)~~ (4) revenue that must be used to pay the costs of construction, improvement, renovation, or remodeling of a jail and related buildings and parking structures under section 2.7, 2.9, or 3.3 of this chapter;

~~(5)~~ (5) revenue that must be used to pay the costs of operating and maintaining a jail and justice center under section 3.5(d) of this chapter; ~~or~~

~~(6)~~ (6) revenue that must be used to pay the costs of constructing, acquiring, improving, renovating, or equipping a county courthouse under section 3.6 of this chapter; **or**

(7) revenue attributable to a tax rate under section 24, 25, or 26 of this chapter;

the certified distribution received by a county treasurer shall, in the manner prescribed in this section, be allocated, distributed, and used by the civil taxing units and school corporations of the county as certified shares and property tax replacement credits.

(b) Before August 10 of each calendar year, each county auditor shall determine the part of the certified distribution for the next succeeding calendar year that will be allocated as property tax replacement credits and the part that will be allocated as certified shares. The percentage of a certified distribution that will be allocated as property tax replacement credits or as certified shares depends upon the county adjusted gross income tax rate for resident county taxpayers in effect on August 1 of the calendar year that precedes the year in which the certified distribution will be received by two (2) years. The percentages are set forth in the following table:

COUNTY	PROPERTY TAX	
ADJUSTED GROSS INCOME TAX RATE	REPLACEMENT CREDITS	CERTIFIED SHARES
0.5%	50%	50%
0.75%	33 1/3%	66 2/3%
1%	25%	75%

(c) The part of a certified distribution that constitutes property tax replacement credits shall be distributed as provided under sections 12, 13, and 14 of this chapter.

(d) The part of a certified distribution that constitutes certified

shares shall be distributed as provided by section 15 of this chapter.

SECTION 64. IC 6-3.5-1.1-15, AS AMENDED BY P.L.207-2005, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15. (a) As used in this section, "attributed allocation amount" of a civil taxing unit for a calendar year means the sum of:

(1) the allocation amount of the civil taxing unit for that calendar year; plus

(2) the current ad valorem property tax levy of any special taxing district, authority, board, or other entity formed to discharge governmental services or functions on behalf of or ordinarily attributable to the civil taxing unit; plus

(3) in the case of a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

(b) The part of a county's certified distribution that is to be used as certified shares shall be allocated only among the county's civil taxing units. Each civil taxing unit of a county is entitled to receive a certified share during a calendar year in an amount determined in STEP TWO of the following formula:

STEP ONE: Divide:

(A) the attributed allocation amount of the civil taxing unit during that calendar year; by

(B) the sum of the attributed allocation amounts of all the civil taxing units of the county during that calendar year.

STEP TWO: Multiply the part of the county's certified distribution that is to be used as certified shares by the STEP ONE amount.

(c) The local government tax control board established by IC 6-1.1-18.5-11 (**before January 1, 2009**) or the county board of tax and capital projects review (**after December 31, 2008**) shall determine the attributed levies of civil taxing units that are entitled to receive certified shares during a calendar year. If the ad valorem property tax levy of any special taxing district, authority, board, or other entity is attributed to another civil taxing unit under subsection (a)(2), then the special taxing district, authority, board, or other entity shall not be treated as having an attributed allocation amount of its own. The local government tax control board (**before January 1, 2009**) or the county board of tax and capital projects review (**after December 31, 2008**) shall certify the attributed allocation amounts to the appropriate county auditor. The county auditor shall then allocate the certified shares among the civil taxing units of the auditor's county.

(d) Certified shares received by a civil taxing unit shall be treated as additional revenue for the purpose of fixing its budget for the calendar year during which the certified shares will be received. The certified shares may be allocated to or appropriated for any purpose, including property tax relief or a transfer of funds to another civil taxing unit whose levy was attributed to the civil taxing unit in the determination of its attributed allocation amount.

SECTION 65. IC 6-3.5-1.1-23 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 23. (a) A pledge of county adjusted gross income tax revenues under this chapter (**other than tax revenue attributable to a tax rate under**

section 24, 25, or 26 of this chapter) is enforceable in accordance with IC 5-1-14.

(b) With respect to obligations for which a pledge has been made under this chapter, the general assembly covenants with the county and the purchasers or owners of those obligations that this chapter will not be repealed or amended in any manner that will adversely affect the collection of the tax imposed under this chapter as long as the principal of or interest on those obligations is unpaid.

SECTION 66. IC 6-3.5-1.1-24 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 24. (a) In a county in which the county adjusted gross income tax is in effect, the county council may, before August 1 of a year, adopt an ordinance to impose or increase (as applicable) a tax rate under this section.**

(b) In a county in which neither the county adjusted gross income tax nor the county option income tax is in effect, the county council may, before August 1 of a year, adopt an ordinance to impose a tax rate under this section.

(c) An ordinance adopted under this section takes effect October 1 of the year in which the ordinance is adopted. If a county council adopts an ordinance to impose or increase a tax rate under this section, the county auditor shall send a certified copy of the ordinance to the department and the department of local government finance by certified mail.

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

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

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

(2) The tax rate that must be imposed in the county from October 1 of the year in which the tax rate is imposed through September 30 of the following year is equal to the result of:

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

(B) two (2).

(3) The tax rate that must be imposed in the county from October 1 of the following year through September 30 of the year after the following year is the tax rate determined for the county under IC 6-3.5-1.5-1(b). The tax rate under this subdivision continues in effect in later years unless the tax rate is increased under this section.

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

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

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

(2) The tax rate that must be imposed in the county from October 1 of the year in which the tax rate is increased through September 30 of the following year is equal to the result of:

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

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

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

(3) The levy limitations in IC 6-1.1-18.5-3(g), IC 6-1.1-18.5-3(h), IC 12-19-7-4(b), IC 12-19-7.5-6(b), and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year.

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

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

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

(1) the quotient of:

(A) the part of the amount determined under STEP ONE of IC 6-3.5-1.5-1(a) in the preceding year that was attributable to the civil taxing unit; divided by
(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP THREE: For distribution to the county for deposit in the county family and children's fund, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP TWO of IC 6-3.5-1.5-1(a) in the preceding year; divided by
(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP FOUR: For distribution to the county for deposit in the county children's psychiatric residential treatment services fund, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP THREE of IC 6-3.5-1.5-1(a) in the preceding year; divided by
(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

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

(1) the quotient of:

- (A) the amount determined under STEP FOUR of IC 6-3.5-1.5-1(a) in the preceding year; divided by
- (B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

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

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

(i) The tax rate under this section shall not be considered for purposes of computing:

- (1) the maximum income tax rate that may be imposed in a county under section 2 of this chapter or any other provision of this chapter; or
- (2) the maximum permissible property tax levy under STEP EIGHT of IC 6-1.1-18.5-3(b).

(j) The tax levy under this section shall not be considered for purposes of computing the total county tax levy under IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

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

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

(m) In the year following the year in a which a county first imposes a tax rate under this section, one-half (1/2) of the tax revenue that is attributable to the tax rate under this section must be deposited in the county stabilization fund established under subsection (o).

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

(o) A county stabilization fund is established in each county that imposes a tax rate under this section. The county stabilization fund shall be administered by the county auditor. If for a year the certified distributions attributable to a tax rate under this section exceed the amount calculated under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section, the excess shall be deposited in the county stabilization fund. Money shall be distributed from the county stabilization fund in a year by the county auditor to political subdivisions entitled to a distribution of tax revenue attributable to the tax rate under this section if:

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

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

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

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

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

SECTION 67. IC 6-3.5-1.1-25 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 25. (a) As used in this section, "public safety" refers to the following:

- (1) A police and law enforcement system to preserve public peace and order.
- (2) A firefighting and fire prevention system.
- (3) Emergency ambulance services (as defined in IC 16-18-2-107).
- (4) Emergency medical services (as defined in IC 16-18-2-110).
- (5) Emergency action (as defined in IC 13-11-2-65).
- (6) A probation department of a court.
- (7) Confinement, supervision, services under a community corrections program (as defined in IC 35-38-2.6-2), or other correctional services for a person who has been:
 - (A) diverted before a final hearing or trial under an agreement that is between the county prosecuting attorney and the person or the person's custodian, guardian, or parent and that provides for confinement, supervision, community corrections services, or other correctional services instead of a final action described in clause (B) or (C);
 - (B) convicted of a crime; or
 - (C) adjudicated as a delinquent child or a child in need of services.
- (8) A juvenile detention facility under IC 31-31-8.
- (9) A juvenile detention center under IC 31-31-9.
- (10) A county jail.
- (11) A communications system (as defined in IC 36-8-15-3) or an enhanced emergency telephone system (as defined in IC 36-8-16-2).
- (12) Medical and health expenses for jail inmates and other confined persons.
- (13) Pension payments for any of the following:

(A) A member of the fire department (as defined in IC 36-8-1-8) or any other employee of a fire department.

(B) A member of the police department (as defined in IC 36-8-1-9), a police chief hired under a waiver under IC 36-8-4-6.5, or any other employee hired by a police department.

(C) A county sheriff or any other member of the office of the county sheriff.

(D) Other personnel employed to provide a service described in this section.

(b) If a county council has imposed a tax rate under section 24 of this chapter and has imposed a tax rate under section 26 of this chapter, the county council may also adopt an ordinance to impose an additional tax rate under this section to provide funding for public safety.

(c) A tax rate under this section may not exceed the lesser of:

(A) twenty-five hundredths of one percent (0.25%); or

(B) the tax rate imposed under section 26 of this chapter.

(d) If a county council adopts an ordinance to impose a tax rate under this section, the county auditor shall send a certified copy of the ordinance to the department and the department of local government finance by certified mail.

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

(f) The county auditor shall distribute the portion of the certified distribution that is attributable to a tax rate under this section to the county and to each municipality in the county. The amount that shall be distributed to the county or municipality is equal to the result of:

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

(2) a fraction equal to:

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

(B) the sum of the attributed allocation amounts of the county and each municipality in the county for the calendar year.

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

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

(h) The tax rate under this section and the tax revenue attributable to the tax rate under this section shall not be

considered for purposes of computing:

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

(2) the maximum permissible property tax levy under STEP EIGHT of IC 6-1.1-18.5-3(b); or

(3) the total county tax levy under IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

(i) The tax rate under this section may be imposed or rescinded at the same time and in the same manner that the county may impose or increase a tax rate under section 24 of this chapter.

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

SECTION 68. IC 6-3.5-1.1-26 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 26. (a) A county council may impose a tax rate under this section to provide property tax relief to political subdivisions in the county. A county council is not required to impose any other tax before imposing a tax rate under this section.

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

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

(d) If a county council adopts an ordinance to impose or increase a tax rate under this section, the county auditor shall send a certified copy of the ordinance to the department and the department of local government finance by certified mail.

(e) A tax rate under this section may be imposed, increased, decreased, or rescinded by a county council at the same time and in the same manner that the county council may impose or increase a tax rate under section 24 of this chapter.

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

(1) The tax revenue may be used to provide local property tax replacement credits at a uniform rate to all taxpayers in the county. Any tax revenue that is attributable to the tax rate under this section and that is used to provide local property tax replacement credits under this subdivision shall be distributed to civil taxing units and school corporations in the county in the same manner that certified distributions are allocated as property tax replacement credits under section 12 of this chapter. The department of local government finance shall provide each county auditor with the amount of property tax replacement credits that each civil taxing unit and school corporation in the auditor's county is entitled to receive under this subdivision. The county auditor shall then

certify to each civil taxing unit and school corporation the amount of property tax replacement credits the civil taxing unit or school corporation is entitled to receive under this subdivision during that calendar year.

(2) The tax revenue may be used to uniformly increase the homestead credit percentage in the county. The additional homestead credits shall be treated for all purposes as property tax levies. The additional homestead credits do not reduce the basis for determining the state homestead credit under IC 6-1.1-20.9. The additional homestead credits shall be applied to the net property taxes due on the homestead after the application of all other assessed value deductions or property tax deductions and credits that apply to the amount owed under IC 6-1.1. The department of local government finance shall determine the additional homestead credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide additional homestead credits in that year.

(3) The tax revenue may be used to provide local property tax replacement credits at a uniform rate for all qualified residential property (as defined in IC 6-1.1-20.6-4) in the county. Any tax revenue that is attributable to the tax rate under this section and that is used to provide local property tax replacement credits under this subdivision shall be distributed to civil taxing units and school corporations in the county in the same manner that certified distributions are allocated as property tax replacement credits under section 12 of this chapter. The department of local government finance shall provide each county auditor with the amount of property tax replacement credits that each civil taxing unit and school corporation in the auditor's county is entitled to receive under this subdivision. The county auditor shall then certify to each civil taxing unit and school corporation the amount of property tax replacement credits the civil taxing unit or school corporation is entitled to receive under this subdivision during that calendar year.

(g) The tax rate under this section and the tax revenue attributable to the tax rate under this section shall not be considered for purposes of computing:

- (1) the maximum income tax rate that may be imposed in a county under section 2 of this chapter or any other provision of this chapter;
- (2) the maximum permissible property tax levy under STEP EIGHT of IC 6-1.1-18.5-3(b); or
- (3) the total county tax levy under IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

(h) Tax revenue under this section shall be treated as a part of the receiving civil taxing unit's or school corporation's property tax levy for that year for purposes of fixing the budget of the civil taxing unit or school corporation and for determining the distribution of taxes that are distributed on the basis of property tax levies.

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

SECTION 69. IC 6-3.5-1.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 1.5. Calculation of Levy Freeze Amounts

Sec. 1. (a) The department of local government finance and the department of state revenue shall, before July 1 of each year, jointly calculate the county adjusted income tax rate or county option income tax rate (as applicable) that must be imposed in a county to raise income tax revenue in the following year equal to the sum of the following STEPS:

STEP ONE: Determine the greater of zero (0) or the result of:

(1) the department of local government finance's estimate of the sum of the maximum permissible ad valorem property tax levies calculated under IC 6-1.1-18.5 for all political subdivisions in the county for the ensuing calendar year (before any adjustment under IC 6-1.1-18.5-3(g) or IC 6-1.1-18.5-3(h) for the ensuing calendar year); minus

(2) the sum of the maximum permissible ad valorem property tax levies calculated under IC 6-1.1-18.5 for all political subdivisions in the county for the current calendar year.

In the case of a civil taxing unit that is located in more than one (1) county, the department of local government finance shall, for purposes of making the determination under this subdivision, apportion the civil taxing unit's maximum permissible ad valorem property tax levy among the counties in which the civil taxing unit is located.

STEP TWO: Determine the greater of zero (0) or the result of:

(1) the department of local government finance's estimate of the family and children property tax levy that will be imposed by the county under IC 12-19-7-4 for the ensuing calendar year (before any adjustment under IC 12-19-7-4(b) for the ensuing calendar year); minus

(2) the county's family and children property tax levy imposed by the county under IC 12-19-7-4 for the current calendar year.

STEP THREE: Determine the greater of zero (0) or the result of:

(1) the department of local government finance's estimate of the children's psychiatric residential treatment services property tax levy that will be imposed by the county under IC 12-19-7.5-6 for the ensuing calendar year (before any adjustment under IC 12-19-7.5-6(b) for the ensuing calendar year); minus

(2) the children's psychiatric residential treatment services property tax imposed by the county under IC 12-19-7.5-6 for the current calendar year.

STEP FOUR: Determine the greater of zero (0) or the result of:

(1) the department of local government finance's estimate of the county's maximum community mental health centers property tax levy under IC 12-29-2-2 for the ensuing calendar year (before any adjustment under IC 12-29-2-2(c) for the ensuing calendar year); minus

(2) the county's maximum community mental health centers property tax levy under IC 12-29-2-2 for the current calendar year.

(b) In the case of a county that wishes to impose a tax rate under IC 6-3.5-1.1-24 or IC 6-3.5-6-30 (as applicable) for the first time, the department of local government finance and the department of state revenue shall jointly estimate the amount that will be calculated under subsection (a) in the second year after the tax rate is first imposed. The department of local government finance and the department of state revenue shall calculate the tax rate under IC 6-3.5-1.1-24 or IC 6-3.5-6-30 (as applicable) that must be imposed in the county in the second year after the tax rate is first imposed to raise income tax revenue equal to the estimate under this subsection.

(c) The department and the department of local government finance shall make the calculations under subsections (a) and (b) based on the best information available at the time the calculation is made.

(d) For purposes of calculating a tax rate under this section, the department of local government shall round up to the nearest one-tenth of one percent (0.1%).

Sec. 2. The department of local government finance shall, before July 1 of each year, certify the amount calculated for a county under section 1 of this chapter to the county auditor.

Sec. 3. The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this chapter.

SECTION 70. IC 6-3.5-6-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) The county income tax council of any county in which the county adjusted gross income tax will not be in effect on ~~July~~ **October** 1 of a year under an ordinance adopted during a previous calendar year may impose the county option income tax on the adjusted gross income of county taxpayers of its county effective ~~July~~ **October** 1 of that same year.

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

(c) To impose the county option income tax, a county income tax council must, after ~~January~~ **March 31** but before ~~April~~ **August** 1 of the year, pass an ordinance. The ordinance must substantially state the following:

"The _____ County Income Tax Council imposes the county option income tax on the county taxpayers of _____ County. The county option income tax is imposed at a rate of two-tenths of one percent (0.2%) on the resident county taxpayers of the county and at a rate of five hundredths of one percent (0.05%) on all other county taxpayers. This tax takes effect ~~July~~ **October** 1 of this year."

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

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

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 71. IC 6-3.5-6-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) If on ~~January~~ **March 31** of a calendar year the county option income tax rate in effect for resident county taxpayers equals six tenths of one percent (0.6%), ~~then excluding a tax rate imposed under section 30, 31, or 32 of this chapter~~, the county income tax council of that county may after ~~January~~ **March 31** and before ~~April~~ **August** 1 of that year pass an ordinance to increase its tax rate for resident county taxpayers. If a county income tax council passes an ordinance under this section, its county option income tax rate for resident county taxpayers increases by one tenth of one percent (0.1%) each succeeding ~~July~~ **October** 1 until its rate reaches a maximum of one percent (1%), **excluding a tax rate imposed under section 30, 31, or 32 of this chapter.**

(b) The auditor of the county shall record any vote taken on an ordinance proposed under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 72. IC 6-3.5-6-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. If during a particular calendar year the county council of a county adopts an ordinance to impose the county adjusted gross income tax in its county on ~~July~~ **October** 1 of that year and the county option income tax council of the county adopts an ordinance to impose the county option income tax in the county on ~~July~~ **October** 1 of that year, the county option income tax takes effect in that county and the county adjusted gross income tax shall not take effect in that county.

SECTION 73. IC 6-3.5-6-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) **This section does not apply to a tax rate imposed under section 30 of this chapter.**

(~~a~~) (b) The county income tax council of any county may adopt an ordinance to permanently freeze the county option income tax

rates at the rate in effect for its county on ~~January + March 31~~ of a year.

~~(b)~~ (c) To freeze the county option income tax rates, a county income tax council must, after ~~January + March 31~~ but before ~~April August~~ 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Income Tax Council permanently freezes the county option income tax rates at the rate in effect on ~~January + March 31~~ of the current year."

~~(c)~~ (d) An ordinance adopted under the authority of this section remains in effect until rescinded. The county income tax council may rescind such an ordinance after ~~January + March 31~~ but before ~~April August~~ 1 of any calendar year. Such an ordinance shall take effect ~~July October~~ 1 of that same calendar year.

~~(d)~~ (e) If a county income tax council rescinds an ordinance as adopted under this section, the county option income tax rate shall automatically increase by one-tenth of one percent (0.01%) until:

- (1) the tax rate is again frozen under another ordinance adopted under this section; or
- (2) the tax rate equals six tenths of one percent (0.6%) (if the frozen tax rate equaled an amount less than six tenths of one percent (0.6%)) or one percent (1%) (if the frozen tax rate equaled an amount in excess of six tenths of one percent (0.6%)).

~~(e)~~ (f) The county auditor shall record any vote taken on an ordinance proposed under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 74. IC 6-3.5-6-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) The county option income tax imposed by a county income tax council under this chapter remains in effect until rescinded.

(b) Subject to subsection (c), the county income tax council of a county may rescind the county option income tax by passing an ordinance to rescind the tax after ~~January + March 31~~ but before ~~April August~~ 1 of a year.

(c) A county income tax council may not rescind the county option income tax or take any action that would result in a civil taxing unit in the county having a smaller distributive share than the distributive share to which it was entitled when it pledged county option income tax, if the civil taxing unit or any commission, board, department, or authority that is authorized by statute to pledge county option income tax, has pledged county option income tax for any purpose permitted by IC 5-1-14 or any other statute.

(d) The auditor of a county shall record all votes taken on a proposed ordinance presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 75. IC 6-3.5-6-12.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12.5. (a) The county income tax council may adopt an ordinance to decrease the county option income tax rate in effect.

(b) To decrease the county option income tax rate, the county income tax council must adopt an ordinance after ~~January + March~~

~~31~~ but before ~~April August~~ 1 of a year. The ordinance must substantially state the following:

"The _____ County Income Tax Council decreases the county option income tax rate from _____ percent (___ %) to _____ percent (___ %). This ordinance takes effect ~~July October~~ 1 of this year."

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

(d) An ordinance adopted under this subsection takes effect ~~July October~~ 1 of the year in which the ordinance is adopted.

(e) The county auditor shall record the votes taken on an ordinance under this subsection and shall send a certified copy of the ordinance to the department by certified mail not more than thirty (30) days after the ordinance is adopted.

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

SECTION 76. IC 6-3.5-6-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13. (a) A county income tax council of a county in which the county option income tax is in effect may adopt an ordinance to increase the percentage credit allowed for homesteads in its county under IC 6-1.1-20.9-2.

(b) A county income tax council may not increase the percentage credit allowed for homesteads by an amount that exceeds the amount determined in the last STEP of the following formula:

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

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

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

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

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

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

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

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

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

(c) The increase of the homestead credit percentage must be uniform for all homesteads in a county.

(d) In the ordinance that increases the homestead credit percentage, a county income tax council may provide for a series of increases or decreases to take place for each of a group of succeeding calendar years.

(e) An ordinance may be adopted under this section after ~~January 1~~ **March 31** but before ~~June~~ **August 1** of a calendar year.

(f) An ordinance adopted under this section takes effect on January 1 of the next succeeding calendar year.

(g) Any ordinance adopted under this section for a county is repealed for a year if on January 1 of that year the county option income tax is not in effect.

SECTION 77. IC 6-3.5-6-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 14. If for any taxable year a county taxpayer is subject to different tax rates for the county option income tax imposed by a particular county, the taxpayer's county option income tax rate for that county and that taxable year is the rate determined in the last STEP of the following STEPS:

STEP ONE: Multiply the number of months in the taxpayer's taxable year that precede ~~July~~ **October 1** by the rate in effect before the rate change.

STEP TWO: Multiply the number of months in the taxpayer's taxable year that follow ~~June~~ **September 30** by the rate in effect after the rate change.

STEP THREE: Divide the sum of the amounts determined under STEPS ONE and TWO by twelve (12).

SECTION 78. IC 6-3.5-6-17, AS AMENDED BY P.L.207-2005, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) Revenue derived from the imposition of the county option income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it. The amount that is to be distributed to a county during an ensuing calendar year equals the amount of county option income tax revenue that the department, after reviewing the recommendation of the budget agency, determines has been:

(1) received from that county for a taxable year ending in a calendar year preceding the calendar year in which the determination is made; and

(2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

as adjusted (as determined after review of the recommendation of the budget agency) for refunds of county option income tax made in the state fiscal year.

(b) Before August 2 of each calendar year, the department, after reviewing the recommendation of the budget agency, shall certify to the county auditor of each adopting county the amount determined under subsection (a) plus the amount of interest in the county's account that has accrued and has not been included in a certification made in a preceding year. The amount certified is the county's "certified distribution" for the immediately succeeding

calendar year. The amount certified shall be adjusted, as necessary, under subsections (c), (d), ~~and~~ (e), **and (f)**. The department shall provide with the certification an informative summary of the calculations used to determine the certified distribution. **The department shall also certify information concerning the part of the certified distribution that is attributable to a tax rate under section 30, 31, or 32 of this chapter. This information must be certified to the county auditor and to the department of local government finance not later than September 1 of each calendar year. The part of the certified distribution that is attributable to a tax rate under section 30, 31, or 32 of this chapter may be used only as specified in those provisions.**

(c) The department shall certify an amount less than the amount determined under subsection (b) if the department, after reviewing the recommendation of the budget agency, determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(d) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) This subsection applies to a county that:

- (1) initially imposed the county option income tax; or
- (2) increases the county option income tax rate;

under this chapter in the same calendar year in which the department makes a certification under this section. The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c).

(f) This subsection applies in the year a county initially imposes a tax rate under section 30 of this chapter. Notwithstanding any other provision, the department shall adjust the part of the county's certified distribution that is attributable to the tax rate under section 30 of this chapter to provide for a distribution in the immediately following calendar year equal to the result of:

- (1) the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) in the year in which the county initially imposes a tax rate under section 30 of this chapter; multiplied by**
- (2) the following:**
 - (A) In a county containing a consolidated city, one and five-tenths (1.5).**

(B) In a county other than a county containing a consolidated city, two (2).

(f) (g) One-twelfth (1/12) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 16 of this chapter to the appropriate county treasurer on the first day of each month of that calendar year.

(g) (h) Upon receipt, each monthly payment of a county's certified distribution shall be allocated among, distributed to, and used by the civil taxing units of the county as provided in sections 18 and 19 of this chapter.

(h) (i) All distributions from an account established under section 16 of this chapter shall be made by warrants issued by the auditor of state to the treasurer of state ordering the appropriate payments.

SECTION 79. IC 6-3.5-6-18, AS AMENDED BY P.L.162-2006, SECTION 31, AND AS AMENDED BY P.L.184-2006, SECTION 6, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 18. (a) The revenue a county auditor receives under this chapter shall be used to:

- (1) replace the amount, if any, of property tax revenue lost due to the allowance of an increased homestead credit within the county;
- (2) fund the operation of a public communications system and computer facilities district as provided in an election, if any, made by the county fiscal body under IC 36-8-15-19(b);
- (3) fund the operation of a public transportation corporation as provided in an election, if any, made by the county fiscal body under IC 36-9-4-42;
- (4) make payments permitted under IC 36-7-15.1-17.5;
- (5) make payments permitted under subsection (i);
- (6) make distributions of distributive shares to the civil taxing units of a county; and
- (7) make the distributions permitted under ~~section~~ sections 27, 28, ~~and~~ 29, 30, 31, 32, and 33 of this chapter.

(b) The county auditor shall retain from the payments of the county's certified distribution, an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. This money shall be distributed to the civil taxing units and school corporations of the county as though they were property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to the allowance of an increased homestead credit.

(c) The county auditor shall retain:

- (1) the amount, if any, specified by the county fiscal body for a particular calendar year under subsection (i), IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the county's certified distribution for that same calendar year; and
- (2) the amount of an additional tax rate imposed under section 27, 28, ~~or~~ 29, 30, 31, 32, or 33 of this chapter.

The county auditor shall distribute amounts retained under this subsection to the county.

(d) All certified distribution revenues that are not retained and distributed under subsections (b) and (c) shall be distributed to the civil taxing units of the county as distributive shares.

(e) The amount of distributive shares that each civil taxing unit in a county is entitled to receive during a month equals the product of the following:

- (1) The amount of revenue that is to be distributed as distributive shares during that month; multiplied by
- (2) A fraction. The numerator of the fraction equals the allocation amount for the civil taxing unit for the calendar year in which the month falls. The denominator of the fraction equals the sum of the allocation amounts of all the civil taxing units of the county for the calendar year in which the month falls.

(f) The department of local government finance shall provide each county auditor with the fractional amount of distributive shares that each civil taxing unit in the auditor's county is entitled to receive monthly under this section.

(g) Notwithstanding subsection (e), if a civil taxing unit of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which distributive shares are being distributed under this section, that civil taxing unit is entitled to receive a part of the revenue to be distributed as distributive shares under this section within the county. The fractional amount such a civil taxing unit is entitled to receive each month during that calendar year equals the product of the following:

- (1) The amount to be distributed as distributive shares during that month; multiplied by
- (2) A fraction. The numerator of the fraction equals the budget of that civil taxing unit for that calendar year. The denominator of the fraction equals the aggregate budgets of all civil taxing units of that county for that calendar year.

(h) If for a calendar year a civil taxing unit is allocated a part of a county's distributive shares by subsection (g), then the formula used in subsection (e) to determine all other civil taxing units' distributive shares shall be changed each month for that same year by reducing the amount to be distributed as distributive shares under subsection (e) by the amount of distributive shares allocated under subsection (g) for that same month. The department of local government finance shall make any adjustments required by this subsection and provide them to the appropriate county auditors.

(i) Notwithstanding any other law, a county fiscal body may pledge revenues received under this chapter (**other than revenues attributable to a tax rate imposed under section 30, 31, or 32 of this chapter**) to the payment of bonds or lease rentals to finance a qualified economic development tax project under IC 36-7-27 in that county or in any other county if the county fiscal body determines that the project will promote significant opportunities for the gainful employment or retention of employment of the county's residents.

SECTION 80. IC 6-3.5-6-28, AS ADDED BY P.L.214-2005, SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: Sec. 28. (a) This section applies only to Howard County.

(b) Maintaining low property tax rates is essential to economic development, and the use of county option income tax revenues as provided in this ~~chapter~~ **section** and as needed in the county to fund the operation and maintenance of a jail and juvenile detention center, rather than the use of property taxes, promotes that purpose.

(c) In addition to the rates permitted by sections 8 and 9 of this chapter, the county fiscal body may impose ~~the~~ **a** county option income tax at a rate ~~of that does not exceed~~ **twenty-five hundredths percent (0.25%)** on the adjusted gross income of resident county taxpayers. **if The tax rate may be adopted in any increment of one hundredth percent (0.01%). Before the county fiscal body makes may adopt a tax rate under this section, the county fiscal body must make** the finding and determination set forth in subsection (d). Section 8(e) of this chapter applies to the application of the additional **tax** rate to nonresident taxpayers.

(d) In order to impose the county option income tax as provided in this section, the county fiscal body must adopt an ordinance:

- (1) finding and determining that revenues from the county option income tax are needed in the county to fund the operation and maintenance of a jail, a juvenile detention center, or both; and
- (2) agreeing to freeze the part of any property tax levy imposed in the county for the operation of the jail or juvenile detention center, or both, covered by the ordinance at the rate imposed in the year preceding the year in which a full year of additional county option income tax is certified for distribution to the county under this section for the term in which an ordinance is in effect under this section.

(e) If the county fiscal body makes a determination under subsection (d), the county fiscal body may adopt a tax rate under subsection (c). Subject to the limitations in subsection (c), the county fiscal body may amend an ordinance adopted under this section to increase, decrease, or rescind the additional tax rate imposed under this section. As soon as practicable after the adoption of an ordinance under this section, the county fiscal body shall send a certified copy of the ordinance to the county auditor, the department of local government finance, and the department of state revenue. An ordinance adopted under this section before April 1 in a year applies to the imposition of county income taxes after June 30 in that year. An ordinance adopted under this section after March 31 of a year initially applies to the imposition of county option income taxes after June 30 of the immediately following year.

(f) The county treasurer shall establish a county jail revenue fund to be used only for the purposes described in this section. County option income tax revenues derived from the tax rate imposed under this section shall be deposited in the county jail revenue fund before making a certified distribution under section 18 of this chapter.

(g) County option income tax revenues derived from the tax rate imposed under this section:

- (1) may only be used for the purposes described in this section; and

(2) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5.

(h) The department of local government finance shall enforce an agreement under subsection (d)(2).

(i) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for an increased distribution of taxes in the immediately following calendar year after the county adopts an increased tax rate under this section and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in section 17(a)(1) through 17(a)(2) of this chapter in the manner provided in section 17(c) of this chapter.

(j) The department shall separately designate a tax rate imposed under this section in any tax form as the Howard County jail operating and maintenance income tax.

SECTION 81. IC 6-3.5-6-29, AS ADDED BY P.L.162-2006, SECTION 32, AND AS ADDED BY P.L.184-2006, SECTION 7, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 29. (a) This section applies only to Scott County. Scott County is a county in which:

- (1) maintaining low property tax rates is essential to economic development; and
- (2) the use of additional county option income tax revenues as provided in this section, rather than the use of property taxes, to fund:

- (A) the financing, construction, acquisition, improvement, renovation, equipping, operation, or maintenance of jail facilities; and
- (B) the repayment of bonds issued or leases entered into for the purposes described in clause (A), except operation or maintenance;

promotes the purpose of maintaining low property tax rates.

(b) The county fiscal body may impose the county option income tax on the adjusted gross income of resident county taxpayers at a rate, in addition to the rates permitted by sections 8 and 9 of this chapter, not to exceed twenty-five hundredths percent (0.25%). Section 8(e) of this chapter applies to the application of the additional rate to nonresident taxpayers.

(c) To impose the county option income tax as provided in this section, the county fiscal body must adopt an ordinance finding and determining that additional revenues from the county option income tax are needed in the county to fund:

- (1) the financing, construction, acquisition, improvement, renovation, equipping, operation, or maintenance of jail facilities; and
- (2) the repayment of bonds issued or leases entered into for the purposes described in subdivision (1), except operation or maintenance.

(d) If the county fiscal body makes a determination under subsection (c), the county fiscal body may adopt an additional tax rate under subsection (b). Subject to the limitations in subsection (b), the county fiscal body may amend an ordinance adopted under this section to increase, decrease, or rescind the additional tax rate

imposed under this section. As soon as practicable after the adoption of an ordinance under this section, the county fiscal body shall send a certified copy of the ordinance to the county auditor, the department of local government finance, and the department. An ordinance adopted under this section before June 1, 2006, or ~~April~~ **August 1** in a subsequent year applies to the imposition of county income taxes after June 30 **(in the case of an ordinance adopted before June 1, 2006) or September 30 (in the case of an ordinance adopted in 2007 or thereafter)** in that year. An ordinance adopted under this section after May 31, 2006, ~~and~~ **or March July 31** of a subsequent year initially applies to the imposition of county option income taxes after June 30 **(in the case of an ordinance adopted before June 1, 2006) or September 30 (in the case of an ordinance adopted in 2007 or thereafter)** of the immediately following year.

(e) If the county imposes an additional tax rate under this section, the county treasurer shall establish a county jail revenue fund to be used only for the purposes described in this section. County option income tax revenues derived from the tax rate imposed under this section shall be deposited in the county jail revenue fund before making a certified distribution under section 18 of this chapter.

(f) County option income tax revenues derived from an additional tax rate imposed under this section:

- (1) may be used only for the purposes described in this section;
- (2) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5; and
- (3) may be pledged for the repayment of bonds issued or leases entered into to fund the purposes described in subsection (c)(1), except operation or maintenance.

(g) If the county imposes an additional tax rate under this section, the department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of the county to provide for an increased distribution of taxes in the immediately following calendar year after the county adopts the increased tax rate and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in section 17(a)(1) through 17(a)(2) of this chapter in the manner provided in section 17(c) of this chapter.

SECTION 82. IC 6-3.5-6-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 26. (a) A pledge of county option income tax revenues under this chapter **(other than revenues attributable to a tax rate imposed under section 30, 31, or 32 of this chapter)** is enforceable in accordance with IC 5-1-14.

(b) With respect to obligations for which a pledge has been made under this chapter, the general assembly covenants with the county and the purchasers or owners of those obligations that this chapter will not be repealed or amended in any manner that will adversely affect the tax collected under this chapter as long as the principal of or interest on those obligations is unpaid.

SECTION 83. IC 6-3.5-6-30 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 30. (a) In a county in which the county option income tax is in effect, the county income tax council may, before August 1 of a year, adopt an ordinance to impose or increase (as applicable) a tax rate under this section.**

(b) In a county in which neither the county option adjusted gross income tax nor the county option income tax is in effect, the county income tax council may, before August 1 of a year, adopt an ordinance to impose a tax rate under this section.

(c) An ordinance adopted under this section takes effect October 1 of the year in which the ordinance is adopted. If a county income tax council adopts an ordinance to impose or increase a tax rate under this section, the county auditor shall send a certified copy of the ordinance to the department and the department of local government finance by certified mail.

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

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

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

(2) The tax rate that must be imposed in the county from October 1 of the year in which the tax rate is imposed through September 30 of the following year is equal to the result of:

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

(B) the following:

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

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

(3) The tax rate that must be imposed in the county from October 1 of the following year through September 30 of the year after the following year is the tax rate determined for the county under IC 6-3.5-1.5-1(b). The tax rate under this subdivision continues in effect in later years unless the tax rate is increased under this section.

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

(f) The following apply only in a year in which a county income tax council increases a tax rate under this section.

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

(2) The tax rate that must be imposed in the county from October 1 of the year in which the tax rate is increased through September 30 of the following year is equal to the result of:

- (A) the tax rate determined for the county under IC 6-3.5-1.5-1(a) in the year the tax rate is increased; plus
- (B) the tax rate currently in effect in the county under this section.

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

(3) The levy limitations in IC 6-1.1-18.5-3(g), IC 6-1.1-18.5-3(h), IC 12-19-7-4(b), IC 12-19-7.5-6(b), and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year.

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

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

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

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

STEP THREE: For distribution to the county for deposit in the county family and children's fund, determine the result of:

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

STEP FOUR: For distribution to the county for deposit in the county children's psychiatric residential treatment services fund, determine the result of:

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

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

- (1) the quotient of:
 - (A) the amount determined under STEP FOUR of IC 6-3.5-1.5-1(a) in the preceding year; divided by

- (B) the STEP ONE amount; multiplied by
- (2) the tax revenue received by the county treasurer under this section.

Except as provided in subsection (m), the county treasurer shall distribute the portion of the certified distribution that is attributable to a tax rate under this section as specified in this section. The county treasurer shall make the distributions under this subsection at the same time that distributions are made to civil taxing units under section 18 of this chapter.

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

(i) The tax rate under this section shall not be considered for purposes of computing:

- (1) the maximum income tax rate that may be imposed in a county under section 8 or 9 of this chapter or any other provision of this chapter; or
- (2) the maximum permissible property tax levy under STEP EIGHT of IC 6-1.1-18.5-3(b).

(j) The tax levy under this section shall not be considered for purposes of computing the total county tax levy under IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

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

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

(m) In the year following the year in which a county first imposes a tax rate under this section:

- (1) one-third (1/3) of the tax revenue that is attributable to the tax rate under this section must be deposited in the county stabilization fund established under subsection (o), in the case of a county containing a consolidated city; and
- (2) one-half (1/2) of the tax revenue that is attributable to the tax rate under this section must be deposited in the county stabilization fund established under subsection (o), in the case of a county not containing a consolidated city.

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

(o) A county stabilization fund is established in each county that imposes a tax rate under this section. The county stabilization fund shall be administered by the county auditor. If for a year the certified distributions attributable to a tax rate under this section exceed the amount calculated under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section, the excess shall be deposited in the county stabilization fund. Money shall be distributed from the county stabilization fund in a year by the county auditor to political subdivisions entitled to a distribution of tax revenue attributable to the tax rate

under this section if:

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

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

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

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

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

SECTION 84. IC 6-3.5-6-31 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 31. (a) As used in this section, "public safety" refers to the following:

- (1) A police and law enforcement system to preserve public peace and order.
- (2) A firefighting and fire prevention system.
- (3) Emergency ambulance services (as defined in IC 16-18-2-107).
- (4) Emergency medical services (as defined in IC 16-18-2-110).
- (5) Emergency action (as defined in IC 13-11-2-65).
- (6) A probation department of a court.
- (7) Confinement, supervision, services under a community corrections program (as defined in IC 35-38-2.6-2), or other correctional services for a person who has been:
 - (A) diverted before a final hearing or trial under an agreement that is between the county prosecuting attorney and the person or the person's custodian, guardian, or parent and that provides for confinement, supervision, community corrections services, or other correctional services instead of a final action described in clause (B) or (C);
 - (B) convicted of a crime; or
 - (C) adjudicated as a delinquent child or a child in need of services.
- (8) A juvenile detention facility under IC 31-31-8.
- (9) A juvenile detention center under IC 31-31-9.
- (10) A county jail.
- (11) A communications system (as defined in IC 36-8-15-3)

or an enhanced emergency telephone system (as defined in IC 36-8-16-2).

(12) Medical and health expenses for jail inmates and other confined persons.

(13) Pension payments for any of the following:

(A) A member of the fire department (as defined in IC 36-8-1-8) or any other employee of a fire department.

(B) A member of the police department (as defined in IC 36-8-1-9), a police chief hired under a waiver under IC 36-8-4-6.5, or any other employee hired by a police department.

(C) A county sheriff or any other member of the office of the county sheriff.

(D) Other personnel employed to provide a service described in this section.

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

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

(2) the county income tax council has imposed a tax rate under section 30 of this chapter and has also imposed a tax rate under section 32 of this chapter, in the case of a county other than a county containing a consolidated city.

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

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

(2) The lesser of:

(A) twenty-five hundredths of one percent (0.25%); or

(B) the tax rate imposed under section 32 of this chapter;

in the case of a county other than a county containing a consolidated city.

(d) If a county income tax council adopts an ordinance to impose a tax rate under this section, the county auditor shall send a certified copy of the ordinance to the department and the department of local government finance by certified mail.

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

(f) The county auditor shall distribute the portion of the certified distribution that is attributable to a tax rate under this section to the county and to each municipality in the county. The amount that shall be distributed to the county or municipality is equal to the result of:

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

(2) a fraction equal to:

(A) the total property taxes being collected in the county by the county or municipality for the calendar

year; divided by
 (B) the sum of the total property taxes being collected in the county by the county and each municipality in the county for the calendar year.

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

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

(h) The tax rate under this section and the tax revenue attributable to the tax rate under this section shall not be considered for purposes of computing:

- (1) the maximum income tax rate that may be imposed in a county under section 8 or 9 of this chapter or any other provision of this chapter;
- (2) the maximum permissible property tax levy under STEP EIGHT of IC 6-1.1-18.5-3(b); or
- (3) the total county tax levy under IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

(i) The tax rate under this section may be imposed or rescinded at the same time and in the same manner that the county may impose or increase a tax rate under section 30 of this chapter.

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

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

SECTION 85. IC 6-3.5-6-32 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 32. (a) A county income tax council may impose a tax rate under this section to provide property tax relief to political subdivisions in the county. A county income tax council is not required to impose any other tax before imposing a tax rate under this section.**

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

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

(d) If a county income tax council adopts an ordinance to impose or increase a tax rate under this section, the county auditor shall send a certified copy of the ordinance to the

department and the department of local government finance by certified mail.

(e) A tax rate under this section may be imposed, increased, decreased, or rescinded at the same time and in the same manner that the county income tax council may impose or increase a tax rate under section 30 of this chapter.

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

(1) The tax revenue may be used to provide local property tax replacement credits at a uniform rate to civil taxing units and school corporations in the county. The amount of property tax replacement credits that each civil taxing unit and school corporation in a county is entitled to receive under this subdivision during a calendar year equals the product of:

(A) the tax revenue attributable to a tax rate under this section that is dedicated to property tax replacement credits under this subdivision; multiplied by

(B) the following fraction:

(i) The numerator of the fraction equals the total property taxes being collected in the county by the civil taxing unit or school corporation during the calendar year of the distribution.

(ii) The denominator of the fraction equals the sum of the total property taxes being collected in the county by all civil taxing units and school corporations of the county during the calendar year of the distribution.

The department of local government finance shall provide each county auditor with the amount of property tax replacement credits that each civil taxing unit and school corporation in the auditor's county is entitled to receive under this subdivision. The county auditor shall then certify to each civil taxing unit and school corporation the amount of property tax replacement credits the civil taxing unit or school corporation is entitled to receive under this subdivision during that calendar year. The county auditor shall also certify these distributions to the county treasurer. Except as provided in subsection (g), the local property tax replacement credits shall be treated for all purposes as property tax levies.

(2) The tax revenue may be used to uniformly increase the homestead credit percentage in the county. The additional homestead credits shall be treated for all purposes as property tax levies. The additional homestead credits do not reduce the basis for determining the state homestead credit under IC 6-1.1-20.9. The additional homestead credits shall be applied to the net property taxes due on the homestead after the application of all other assessed value deductions or property tax deductions and credits that apply to the amount owed under IC 6-1.1. The department of local government finance shall determine the additional homestead credit percentage for a particular year based on the amount of tax revenue that

will be used under this subdivision to provide additional homestead credits in that year.

(3) The tax revenue may be used to provide local property tax replacement credits at a uniform rate for all qualified residential property (as defined in IC 6-1.1-20.6-4) in the county. The amount of property tax replacement credits that each civil taxing unit and school corporation in a county is entitled to receive under this subdivision during a calendar year equals the product of:

(A) the tax revenue attributable to a tax rate under this section that is dedicated to property tax replacement credits under this subdivision; multiplied by

(B) the following fraction:

(i) The numerator of the fraction equals the total property taxes being collected in the county by the civil taxing unit or school corporation during the calendar year of the distribution.

(ii) The denominator of the fraction equals the sum of the total property taxes being collected in the county by all civil taxing units and school corporations of the county during the calendar year of the distribution.

The department of local government finance shall provide each county auditor with the amount of property tax replacement credits that each civil taxing unit and school corporation in the auditor's county is entitled to receive under this subdivision. The county auditor shall then certify to each civil taxing unit and school corporation the amount of property tax replacement credits the civil taxing unit or school corporation is entitled to receive under this subdivision during that calendar year. The county auditor shall also certify these distributions to the county treasurer. Except as provided in subsection (g), the local property tax replacement credits shall be treated for all purposes as property tax levies.

(g) The tax rate under this section shall not be considered for purposes of computing:

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

(2) the maximum permissible property tax levy under STEP EIGHT of IC 6-1.1-18.5-3(b).

(h) Tax revenue under this section shall be treated as a part of the receiving civil taxing unit's or school corporation's property tax levy for that year for purposes of fixing the budget of the civil taxing unit or school corporation and for determining the distribution of taxes that are distributed on the basis of property tax levies.

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

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

this section.

SECTION 86. IC 6-3.5-6-33 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 33. (a) This section applies only to Monroe County.

(b) Maintaining low property tax rates is essential to economic development, and the use of county option income tax revenues as provided in this chapter and as needed in the county to fund the operation and maintenance of a juvenile detention center and other facilities to provide juvenile services, rather than the use of property taxes, promotes that purpose.

(c) In addition to the rates permitted by sections 8 and 9 of this chapter, the county fiscal body may impose an additional county option income tax at a rate of not more than twenty-five hundredths percent (0.25%) on the adjusted gross income of resident county taxpayers if the county fiscal body makes the finding and determination set forth in subsection (d). Section 8(e) of this chapter applies to the application of the additional rate to nonresident taxpayers.

(d) In order to impose the county option income tax as provided in this section, the county fiscal body must adopt an ordinance:

(1) finding and determining that revenues from the county option income tax are needed in the county to fund the operation and maintenance of a juvenile detention center and other facilities necessary to provide juvenile services; and

(2) agreeing to freeze for the term in which an ordinance is in effect under this section the part of any property tax levy imposed in the county for the operation of the juvenile detention center and other facilities covered by the ordinance at the rate imposed in the year preceding the year in which a full year of additional county option income tax is certified for distribution to the county under this section.

(e) If the county fiscal body makes a determination under subsection (d), the county fiscal body may adopt a tax rate under subsection (c). Subject to the limitations in subsection (c), the county fiscal body may amend an ordinance adopted under this section to increase, decrease, or rescind the additional tax rate imposed under this section. As soon as practicable after the adoption of an ordinance under this section, the county fiscal body shall send a certified copy of the ordinance to the county auditor, the department of local government finance, and the department of state revenue. An ordinance adopted under this section before August 1 in a year applies to the imposition of county income taxes after September 30 in that year. An ordinance adopted under this section after July 31 of a year initially applies to the imposition of county option income taxes after September 30 of the immediately following year.

(f) The county treasurer shall establish a county juvenile detention center revenue fund to be used only for the purposes described in this section. County option income tax revenues derived from the tax rate imposed under this section shall be

deposited in the county juvenile detention center revenue fund before a certified distribution is made under section 18 of this chapter.

(g) County option income tax revenues derived from the tax rate imposed under this section:

(1) may be used only for the purposes described in this section; and

(2) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5.

(h) The department of local government finance shall enforce an agreement made under subsection (d)(2).

(i) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for an increased distribution of taxes in the immediately following calendar year after the county adopts an increased tax rate under this section and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in section 17(a)(1) through 17(a)(2) of this chapter in the manner provided in section 17(c) of this chapter.

SECTION 87. IC 6-3.5-7-5, AS AMENDED BY P.L.162-2006, SECTION 33, AND AS AMENDED BY P.L.184-2006, SECTION 8, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Except as provided in subsection (c), the county economic development income tax may be imposed on the adjusted gross income of county taxpayers. The entity that may impose the tax is:

(1) the county income tax council (as defined in IC 6-3.5-6-1) if the county option income tax is in effect on ~~January~~ + ~~March 31~~ of the year the county economic development income tax is imposed;

(2) the county council if the county adjusted gross income tax is in effect on ~~January~~ + ~~March 31~~ of the year the county economic development tax is imposed; or

(3) the county income tax council or the county council, whichever acts first, for a county not covered by subdivision (1) or (2).

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

(b) Except as provided in subsections (c), (g), (k), (p), and (r), the county economic development income tax may be imposed at a rate of:

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

on the adjusted gross income of county taxpayers.

(c) Except as provided in subsection (h), (i), (j), (k), (l), (m), (n), (o), (p), ~~or~~ (s), ~~or~~ (v), (w), or (x), the county economic development

income tax rate plus the county adjusted gross income tax rate, if any, that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%). Except as provided in subsection (g), (p), (r), (t), ~~or~~ (u), (w), or (x), the county economic development tax rate plus the county option income tax rate, if any, that are in effect on January 1 of a year may not exceed one percent (1%).

(d) To impose, increase, decrease, or rescind the county economic development income tax, the appropriate body must, after ~~January~~ + ~~March 31~~ but before ~~April~~ ~~August~~ 1 of a year, adopt an ordinance. The ordinance to impose the tax must substantially state the following:

"The _____ County _____ imposes the county economic development income tax on the county taxpayers of _____ County. The county economic development income tax is imposed at a rate of _____ percent (____%) on the county taxpayers of the county. This tax takes effect ~~July~~ ~~October~~ 1 of this year."

(e) Any ordinance adopted under this chapter takes effect July 1 of the year the ordinance is adopted.

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this chapter and shall, not more than ten (10) days after the vote, send a certified copy of the results to the commissioner of the department by certified mail.

(g) This subsection applies to a county having a population of more than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000). Except as provided in subsection (p), in addition to the rates permitted by subsection (b), the:

(1) county economic development income tax may be imposed at a rate of:

(A) fifteen-hundredths percent (0.15%);

(B) two-tenths percent (0.2%); or

(C) twenty-five hundredths percent (0.25%); and

(2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%);

if the county income tax council makes a determination to impose rates under this subsection and section 22 of this chapter.

(h) For a county having a population of more than forty-one thousand (41,000) but less than forty-three thousand (43,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and thirty-five hundredths percent (1.35%) if the county has imposed the county adjusted gross income tax at a rate of one and one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

(i) For a county having a population of more than thirteen thousand five hundred (13,500) but less than fourteen thousand (14,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one

and fifty-five hundredths percent (1.55%).

(j) For a county having a population of more than seventy-one thousand (71,000) but less than seventy-one thousand four hundred (71,400), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(k) This subsection applies to a county having a population of more than twenty-seven thousand four hundred (27,400) but less than twenty-seven thousand five hundred (27,500). Except as provided in subsection (p), in addition to the rates permitted under subsection (b):

- (1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and
- (2) the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%);

if the county council makes a determination to impose rates under this subsection and section 22.5 of this chapter.

(l) For a county having a population of more than twenty-nine thousand (29,000) but less than thirty thousand (30,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(m) For:

- (1) a county having a population of more than one hundred eighty-two thousand seven hundred ninety (182,790) but less than two hundred thousand (200,000); or
- (2) a county having a population of more than forty-five thousand (45,000) but less than forty-five thousand nine hundred (45,900);

except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(n) For a county having a population of more than six thousand (6,000) but less than eight thousand (8,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(o) This subsection applies to a county having a population of more than thirty-nine thousand (39,000) but less than thirty-nine thousand six hundred (39,600). Except as provided in subsection (p), in addition to the rates permitted under subsection (b):

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

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

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

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

(p) In addition:

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

(2) the:

(A) county economic development income tax; and

(B) county option income tax or county adjusted gross income tax;

may be imposed at combined rates that exceed by not more than twenty-five hundredths percent (0.25%) the maximum combined rates that would otherwise apply under this section.

However, the additional rate imposed under this subsection may not exceed the amount necessary to mitigate the increased ad valorem property taxes on homesteads (as defined in IC 6-1.1-20.9-1) or residential property (as defined in section 26 of this chapter), as appropriate under the ordinance adopted by the adopting body in the county, resulting from the deduction of the assessed value of inventory in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42.

(q) If the county economic development income tax is imposed as authorized under subsection (p) at a rate that exceeds the maximum rate that would otherwise apply under this section, the certified distribution must be used for the purpose provided in section 25(e) or 26 of this chapter to the extent that the certified distribution results from the difference between:

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

(r) This subsection applies only to a county described in section 27 of this chapter. Except as provided in subsection (p), in addition to the rates permitted by subsection (b), the:

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

(2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%);

if the county council makes a determination to impose rates under this subsection and section 27 of this chapter.

(s) Except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%) if the county has imposed the county adjusted gross income tax under IC 6-3.5-1.1-3.3.

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

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

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

(w) The income tax rate limits imposed by subsection (c) or (x) or any other provision of this chapter do not apply to:

(1) a county adjusted gross income tax rate imposed under IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26; or

(2) a county option income tax rate imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.

For purposes of computing the maximum combined income tax rate under subsection (c) or (x) or any other provision of this chapter that may be imposed in a county under IC 6-3.5-1.1, IC 6-3.5-6, and this chapter, a county's county adjusted gross income tax rate or county option income tax rate for a particular year does not include the county adjusted gross income tax rate imposed under IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26 or the county option income tax rate imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.

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

SECTION 88. IC 6-3.5-7-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) The body imposing the tax may decrease or increase the county economic development income tax rate imposed upon the county taxpayers as long as the resulting rate does not exceed the rates specified in section 5(b) and 5(c) or 5(g) of this chapter. The rate imposed under this section must be adopted at one (1) of the rates specified in section 5(b) of this chapter. To decrease or increase the rate, the appropriate body must, after ~~January 1~~ **March 31** but before ~~April~~ **August 1** of a year, adopt an ordinance. The ordinance must substantially state the following:

"The _____ County _____ increases (decreases) the county economic development income tax rate imposed upon the county taxpayers of the county from _____ percent (____%) to _____ percent (____%). This tax rate increase (decrease) takes effect ~~July~~ **October 1** of this year."

(b) Any ordinance adopted under this section takes effect ~~July~~ **October 1** of the year the ordinance is adopted.

(c) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 89. IC 6-3.5-7-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) The county economic development income tax imposed under this chapter remains in effect until rescinded.

(b) Subject to section 14 of this chapter, the body imposing the county economic development income tax may rescind the tax by adopting an ordinance to rescind the tax after ~~January 1~~ **March 31** but before ~~April~~ **August 1** of a year.

(c) Any ordinance adopted under this section takes effect ~~July~~ **October 1** of the year the ordinance is adopted.

(d) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 90. IC 6-3.5-7-25, AS AMENDED BY P.L.199-2005, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 25. (a) This section applies only to a county that has adopted an ordinance under IC 6-1.1-12-41(f).

(b) For purposes of this section, "imposing entity" means the entity that adopted the ordinance under IC 6-1.1-12-41(f).

(c) The imposing entity may adopt an ordinance to provide for the use of the certified distribution described in section 16(c) of this chapter for the purpose provided in subsection (e). A county income tax council that adopts an ordinance under this subsection shall use the procedures set forth in IC 6-3.5-6 concerning the adoption of an ordinance for the imposition of the county option income tax. Except as provided in subsection (j), an ordinance must be adopted under this subsection after ~~January 1~~ **March 31** but before ~~June~~ **August 1** of a calendar year. The ordinance may provide for an additional rate under section 5(p) of this chapter. An ordinance adopted under this subsection:

(1) first applies to the certified distribution described in section 16(c) of this chapter made in the calendar year that immediately succeeds the calendar year in which the ordinance is adopted;

(2) must specify the calendar years to which the ordinance applies; and

(3) must specify that the certified distribution must be used to provide for:

(A) uniformly applied increased homestead credits as provided in subsection (f); or

(B) allocated increased homestead credits as provided in subsection (h).

An ordinance adopted under this subsection may be combined with an ordinance adopted under section 26 of this chapter.

(d) If an ordinance is adopted under subsection (c), the percentage of the certified distribution specified in the ordinance for use for the purpose provided in subsection (e) shall be:

- (1) retained by the county auditor under subsection (i); and
- (2) used for the purpose provided in subsection (e) instead of the purposes specified in the capital improvement plans adopted under section 15 of this chapter.

(e) If an ordinance is adopted under subsection (c), the imposing entity shall use the certified distribution described in section 16(c) of this chapter to increase the homestead credit allowed in the county under IC 6-1.1-20.9 for a year to offset the effect on homesteads in the county resulting from a county deduction for inventory under IC 6-1.1-12-41.

(f) If the imposing entity specifies the application of uniform increased homestead credits under subsection (c)(3)(A), the county auditor shall, for each calendar year in which an increased homestead credit percentage is authorized under this section, determine:

- (1) the amount of the certified distribution that is available to provide an increased homestead credit percentage for the year;
- (2) the amount of uniformly applied homestead credits for the year in the county that equals the amount determined under subdivision (1); and
- (3) the increased percentage of homestead credit that equates to the amount of homestead credits determined under subdivision (2).

(g) The increased percentage of homestead credit determined by the county auditor under subsection (f) applies uniformly in the county in the calendar year for which the increased percentage is determined.

(h) If the imposing entity specifies the application of allocated increased homestead credits under subsection (c)(3)(B), the county auditor shall, for each calendar year in which an increased homestead credit is authorized under this section, determine:

- (1) the amount of the certified distribution that is available to provide an increased homestead credit for the year; and
- (2) an increased percentage of homestead credit for each taxing district in the county that allocates to the taxing district an amount of increased homestead credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-41 in the taxing district for the immediately preceding year's assessment date bears to the total inventory assessed value deducted under IC 6-1.1-12-41 in the county for the immediately preceding year's assessment date.

(i) The county auditor shall retain from the payments of the county's certified distribution an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. The money shall be distributed to the civil taxing units and school corporations of the county:

- (1) as if the money were from property tax collections; and
- (2) in such a manner that no civil taxing unit or school corporation will suffer a net revenue loss because of the allowance of an increased homestead credit.

(j) An entity authorized to adopt:

- (1) an ordinance under subsection (c); and
- (2) an ordinance under IC 6-1.1-12-41(f);

may consolidate the two (2) ordinances. The limitation under subsection (c) that an ordinance must be adopted after January 1 of a calendar year does not apply if a consolidated ordinance is adopted under this subsection. However, notwithstanding subsection (c)(1), the ordinance must state that it first applies to certified distributions in the calendar year in which property taxes are initially affected by the deduction under IC 6-1.1-12-41.

SECTION 91. IC 6-3.5-7-26, AS AMENDED BY P.L.162-2006, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 26. (a) This section applies only to homestead and property tax replacement credits for property taxes first due and payable after calendar year 2006.

(b) The following definitions apply throughout this section:

- (1) "Adopt" includes amend.
- (2) "Adopting entity" means:
 - (A) the entity that adopts an ordinance under IC 6-1.1-12-41(f); or
 - (B) any other entity that may impose a county economic development income tax under section 5 of this chapter.
- (3) "Homestead" refers to tangible property that is eligible for a homestead credit under IC 6-1.1-20.9.
- (4) "Residential" refers to the following:
 - (A) Real property, a mobile home, and industrialized housing that would qualify as a homestead if the taxpayer had filed for a homestead credit under IC 6-1.1-20.9.
 - (B) Real property not described in clause (A) designed to provide units that are regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more, regardless of whether the tangible property is subject to assessment under rules of the department of local government finance that apply to:
 - (i) residential property; or
 - (ii) commercial property.

(c) An adopting entity may adopt an ordinance to provide for the use of the certified distribution described in section 16(c) of this chapter for the purpose provided in subsection (e). An adopting entity that adopts an ordinance under this subsection shall use the procedures set forth in IC 6-3.5-6 concerning the adoption of an ordinance for the imposition of the county option income tax. An ordinance must be adopted under this subsection after January 1, 2006, and before June 1, 2006, or, in a year following 2006, after ~~January + March 31~~ but before ~~April August~~ 1 of a calendar year. The ordinance may provide for an additional rate under section 5(p) of this chapter. An ordinance adopted under this subsection:

- (1) first applies to the certified distribution described in section 16(c) of this chapter made in the later of the calendar year that immediately succeeds the calendar year in which the ordinance is adopted or calendar year 2007; and
- (2) must specify that the certified distribution must be used to provide for one (1) of the following, as determined by the adopting entity:
 - (A) Uniformly applied increased homestead credits as provided in subsection (f).

(B) Uniformly applied increased residential credits as provided in subsection (g).

(C) Allocated increased homestead credits as provided in subsection (i).

(D) Allocated increased residential credits as provided in subsection (j).

An ordinance adopted under this subsection may be combined with an ordinance adopted under section 25 of this chapter.

(d) If an ordinance is adopted under subsection (c), the percentage of the certified distribution specified in the ordinance for use for the purpose provided in subsection (e) shall be:

- (1) retained by the county auditor under subsection (k); and
- (2) used for the purpose provided in subsection (e) instead of the purposes specified in the capital improvement plans adopted under section 15 of this chapter.

(e) If an ordinance is adopted under subsection (c), the adopting entity shall use the certified distribution described in section 16(c) of this chapter to increase:

- (1) if the ordinance grants a credit described in subsection (c)(2)(A) or (c)(2)(C), the homestead credit allowed in the county under IC 6-1.1-20.9 for a year; or
- (2) if the ordinance grants a credit described in subsection (c)(2)(B) or (c)(2)(D), the property tax replacement credit allowed in the county under IC 6-1.1-21-5 for a year for the residential property;

to offset the effect on homesteads or residential property, as applicable, in the county resulting from the statewide deduction for inventory under IC 6-1.1-12-42. The amount of an additional residential property tax replacement credit granted under this section may not be considered in computing the amount of any homestead credit to which the residential property may be entitled under IC 6-1.1-20.9 or another law other than IC 6-1.1-20.6.

(f) If the imposing entity specifies the application of uniform increased homestead credits under subsection (c)(2)(A), the county auditor shall, for each calendar year in which an increased homestead credit percentage is authorized under this section, determine:

- (1) the amount of the certified distribution that is available to provide an increased homestead credit percentage for the year;
- (2) the amount of uniformly applied homestead credits for the year in the county that equals the amount determined under subdivision (1); and
- (3) the increased percentage of homestead credit that equates to the amount of homestead credits determined under subdivision (2).

(g) If the imposing entity specifies the application of uniform increased residential credits under subsection (c)(2)(B), the county auditor shall determine for each calendar year in which an increased homestead credit percentage is authorized under this section:

- (1) the amount of the certified distribution that is available to provide an increased residential property tax replacement credit percentage for the year;
- (2) the amount of uniformly applied residential property tax replacement credits for the year in the county that equals the

amount determined under subdivision (1); and

(3) the increased percentage of residential property tax replacement credit that equates to the amount of residential property tax replacement credits determined under subdivision (2).

(h) The increased percentage of homestead credit determined by the county auditor under subsection (f) or the increased percentage of residential property tax replacement credit determined by the county auditor under subsection (g) applies uniformly in the county in the calendar year for which the increased percentage is determined.

(i) If the imposing entity specifies the application of allocated increased homestead credits under subsection (c)(2)(C), the county auditor shall, for each calendar year in which an increased homestead credit is authorized under this section, determine:

- (1) the amount of the certified distribution that is available to provide an increased homestead credit for the year; and
- (2) except as provided in subsection (l), an increased percentage of homestead credit for each taxing district in the county that allocates to the taxing district an amount of increased homestead credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-42 in the taxing district for the immediately preceding year's assessment date bears to the total inventory assessed value deducted under IC 6-1.1-12-42 in the county for the immediately preceding year's assessment date.

(j) If the imposing entity specifies the application of allocated increased residential property tax replacement credits under subsection (c)(2)(D), the county auditor shall determine for each calendar year in which an increased residential property tax replacement credit is authorized under this section:

- (1) the amount of the certified distribution that is available to provide an increased residential property tax replacement credit for the year; and
- (2) except as provided in subsection (l), an increased percentage of residential property tax replacement credit for each taxing district in the county that allocates to the taxing district an amount of increased residential property tax replacement credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-42 in the taxing district for the immediately preceding year's assessment date bears to the total inventory assessed value deducted under IC 6-1.1-12-42 in the county for the immediately preceding year's assessment date.

(k) The county auditor shall retain from the payments of the county's certified distribution an amount equal to the revenue lost, if any, due to the increase of the homestead credit or residential property tax replacement credit within the county. The money shall be distributed to the civil taxing units and school corporations of the county:

- (1) as if the money were from property tax collections; and
- (2) in such a manner that no civil taxing unit or school

corporation will suffer a net revenue loss because of the allowance of an increased homestead credit or residential property tax replacement credit.

(l) Subject to the approval of the imposing entity, the county auditor may adjust the increased percentage of:

(1) homestead credit determined under subsection (i)(2) if the county auditor determines that the adjustment is necessary to achieve an equitable reduction of property taxes among the homesteads in the county; or

(2) residential property tax replacement credit determined under subsection (j)(2) if the county auditor determines that the adjustment is necessary to achieve an equitable reduction of property taxes among the residential property in the county.

SECTION 92. IC 6-3.5-7-27 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 27. (a) This section applies to a county that:

(1) operates a courthouse that is subject to an order that:

(A) is issued by a federal district court;

(B) applies to an action commenced before January 1, 2003; and

(C) requires the county to comply with the federal Americans with Disabilities Act; and

(2) has insufficient revenues to finance the construction, acquisition, improvement, renovation, equipping, and operation of the courthouse facilities and related facilities.

(b) A county described in this section possesses unique fiscal challenges in financing, renovating, equipping, and operating the county courthouse facilities and related facilities because the county consistently has one of the highest unemployment rates in Indiana. Maintaining low property tax rates is essential to economic development in the county. The use of economic development income tax revenues under this section for the purposes described in subsection (c) promotes that purpose.

(c) In addition to actions authorized by section 5 of this chapter, a county council may, using the procedures set forth in this chapter, adopt an ordinance to impose an additional county economic development income tax on the adjusted gross income of county taxpayers. The ordinance imposing the additional tax must include a finding that revenues from additional tax are needed to pay the costs of:

(1) constructing, acquiring, improving, renovating, equipping, or operating the county courthouse or related facilities;

(2) repaying any bonds issued, or leases entered into, for constructing, acquiring, improving, renovating, equipping, or operating the county courthouse or related facilities; and

(3) economic development projects described in the county's capital improvement plan.

(d) The tax rate imposed under this section may not exceed twenty-five hundredths percent (0.25%).

(e) If the county council adopts an ordinance to impose an additional tax under this section, the county auditor shall immediately send a certified copy of the ordinance to the department by certified mail. The county treasurer shall establish a county facilities revenue fund to be used only for the purposes

described in subsection (c)(1) and (c)(2). The amount of county economic development income tax revenues derived from the tax rate imposed under this section that are necessary to pay the costs described in subsection (c)(1) and (c)(2) shall be deposited into the county facilities revenue fund before a certified distribution is made under section 12 of this chapter. The remainder shall be deposited into the economic development income tax funds of the county's units.

(f) County economic development income tax revenues derived from the tax rate imposed under this section may not be used for purposes other than those described in this section.

(g) County economic development income tax revenues derived from the tax rate imposed under this section that are deposited into the county facilities revenue fund may not be considered by the department of local government finance in determining the county's ad valorem property tax levy for an ensuing calendar year under IC 6-1.1-18.5.

(h) Notwithstanding section 5 of this chapter, an ordinance may be adopted under this section at any time. If the ordinance is adopted before ~~June~~ **August** 1 of a year, a tax rate imposed under this section takes effect ~~July~~ **October** 1 of that year. If the ordinance is adopted after ~~May~~ **July** 31 of a year, a tax rate imposed under this section takes effect on the ~~January~~ **October** 1 immediately following adoption of the ordinance.

(i) For a county adopting an ordinance before June 1 in a year, in determining the certified distribution under section 11 of this chapter for the calendar year beginning with the immediately following January 1 and each calendar year thereafter, the department shall take into account the certified ordinance mailed to the department under subsection (e). For a county adopting an ordinance after May 31, the department shall issue an initial or a revised certified distribution for the calendar year beginning with the immediately following January 1. Except for a county adopting an ordinance after May 31, a county's certified distribution shall be distributed on the dates specified under section 16 of this chapter. In the case of a county adopting an ordinance after May 31, the county, beginning with the calendar year beginning on the immediately following January 1, shall receive the entire certified distribution for the calendar year on November 1 of the year.

(j) Notwithstanding any other law, funds accumulated from the county economic development income tax imposed under this section and deposited into the county facilities revenue fund or any other revenues of the county may be deposited into a nonreverting fund of the county to be used for operating costs of the courthouse facilities, juvenile detention facilities, or related facilities. Amounts in the county nonreverting fund may not be used by the department of local government finance to reduce the county's ad valorem property tax levy for an ensuing calendar year under IC 6-1.1-18.5.

SECTION 93. IC 6-9-2.5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) The county council may levy tax on every person engaged in the business of renting or furnishing, for periods of less than thirty (30) days, any room or rooms, lodgings, or accommodations in any commercial hotel, motel, inn, tourist camp, or tourist cabin located in a county

described in section 1 of this chapter. Such tax shall not exceed the rate of ~~six eight~~ percent (~~6%~~) **(8%)** on the gross income derived from lodging income only and shall be in addition to the state gross retail tax imposed on such persons by IC 6-2.5.

(b) The county fiscal body may adopt an ordinance to require that the tax be reported on forms approved by the county treasurer and that the tax shall be paid monthly to the county treasurer. If such an ordinance is adopted, the tax shall be paid to the county treasurer not more than twenty (20) days after the end of the month the tax is collected. If such an ordinance is not adopted, the tax shall be imposed, paid, and collected in exactly the same manner as the state gross retail tax is imposed, paid, and collected pursuant to IC 6-2.5.

(c) All of the provisions of IC 6-2.5 relating to rights, duties, liabilities, procedures, penalties, definitions, exemptions, and administration shall be applicable to the imposition and administration of the tax imposed by this section except to the extent such provisions are in conflict or inconsistent with the specific provisions of this chapter or the requirements of the county treasurer. Specifically and not in limitation of the foregoing sentence, the terms "person" and "gross income" shall have the same meaning in this section as they have in IC 6-2.5. If the tax is paid to the department of state revenue, the returns to be filed for the payment of the tax under this section may be either a separate return or may be combined with the return filed for the payment of the state gross retail tax as the department of state revenue may, by rule or regulation, determine.

(d) If the tax is paid to the department of state revenue, the amounts received from such tax shall be paid quarterly by the treasurer of state to the county treasurer upon warrants issued by the auditor of state.

(e) The tax imposed under subsection (a) does not apply to the renting or furnishing of rooms, lodgings, or accommodations to a person for a period of thirty (30) days or more.

SECTION 94. IC 6-9-2.5-7.5, AS AMENDED BY P.L.168-2005, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7.5. (a) The county treasurer shall establish a tourism capital improvement fund.

(b) The county treasurer shall deposit money in the tourism capital improvement fund as follows:

~~(1) Before January 1, 2000, if the rate set under section 6 of this chapter is greater than two percent (2%), the county treasurer shall deposit in the tourism capital improvement fund an amount equal to the money received under section 6 of this chapter minus the amount generated by a two percent (2%) rate.~~

~~(2) After December 31, 1999, and before January 1, 2003, the county treasurer shall deposit in the tourism capital improvement fund the amount of money received under section 6 of this chapter that is generated by a one percent (1%) rate.~~

~~(3) After December 31, 2002, and (1) Before January 1, 2010, the county treasurer shall deposit in the tourism capital improvement fund the amount of money received under~~

~~section 6 of this chapter that is generated by a ~~one three~~ and one-half percent (~~1.5%~~) **(3.5%)** rate.~~

~~(4) (2) After December 31, 2009, the county treasurer shall deposit in the tourism capital improvement fund the amount of money received under section 6 of this chapter that is generated by a ~~two four~~ and one-half percent (~~2.5%~~) **(4.5%)** rate.~~

(c) The commission may transfer money in the tourism capital improvement fund to:

(1) the county government, a city government, or a separate body corporate and politic in a county described in section 1 of this chapter; or

(2) any Indiana nonprofit corporation;

for the purpose of making capital improvements in the county that promote conventions, tourism, or recreation. The commission may transfer money under this section only after approving the transfer. Transfers shall be made quarterly or less frequently under this section.

SECTION 95. IC 6-9-9-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) The tax imposed by section 2 of this chapter shall be at the rate of ~~six seven~~ percent (~~6%~~) **(7%)** on the gross income derived from lodging income only.

(b) At least ~~one-sixth (1/6)~~ **two-sevenths (2/7)** of the tax proceeds paid to the capital improvement board of managers under this chapter must be used to provide grants to the convention and visitor bureau in the county to be used solely for the purpose of the development and promotion of the tourism and convention industry within the county.

(c) The capital improvement board of managers may establish budgetary requirements for the convention and visitors bureau. If the convention and visitors bureau fails to conform, the board may elect to suspend funding until the bureau complies.

SECTION 96. IC 8-18-21-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13. The annual operating budget of a toll road authority is subject to review by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** and then by the department of local government finance as in the case of other political subdivisions.

SECTION 97. IC 8-22-3.6-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) An authority that is located in a:

(1) city having a population of more than ninety thousand (90,000) but less than one hundred five thousand (105,000);

(2) county having a population of more than one hundred five thousand (105,000) but less than one hundred ten thousand (110,000); or

(3) county having a population of more than three hundred thousand (300,000) but less than four hundred thousand (400,000);

may enter into a lease of an airport project with a lessor for a term not to exceed fifty (50) years and the lease may provide for payments to be made by the airport authority from property taxes

levied under IC 8-22-3-17, taxes allocated under IC 8-22-3.5-9, any other revenues available to the airport authority, or any combination of these sources.

(b) A lease may provide that payments by the authority to the lessor are required only to the extent and only for the period that the lessor is able to provide the leased facilities in accordance with the lease. The terms of each lease must be based upon the value of the facilities leased and may not create a debt of the authority or the eligible entity for purposes of the Constitution of the State of Indiana.

(c) A lease may be entered into by the authority only after a public hearing by the board at which all interested parties are provided the opportunity to be heard. After the public hearing, the board may adopt an ordinance authorizing the execution of the lease if it finds that the service to be provided throughout the term of the lease will serve the public purpose of the authority and is in the best interest of the residents of the authority district.

(d) Upon execution of a lease providing for payments by the authority in whole or in part from the levy of property taxes under IC 8-22-3-17, the board shall publish notice of the execution of the lease and its approval in accordance with IC 5-3-1. Fifty (50) or more taxpayers residing in the authority district who will be affected by the lease and who may be of the opinion that no necessity exists for the execution of the lease or that the payments provided for in the lease are not fair and reasonable may file a petition in the office of the county auditor within thirty (30) days after the publication of the notice of execution and approval. The petition must set forth the petitioners' names, addresses, and objections to the lease and the facts showing that the execution of the lease is unnecessary or unwise or that the payments provided for in the lease are not fair and reasonable, as the case may be.

(e) Upon the filing of a petition under subsection (d), the county auditor shall immediately certify a copy of the petition, together with any other data necessary to present the questions involved, to the department of local government finance **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)**. Upon receipt of the certified petition and information, the department of local government finance **or the county board of tax and capital projects review** shall fix a time and place for a hearing in the authority district, which must be not less than five (5) or more than thirty (30) days after the time is fixed. Notice of the hearing shall be given by the department of local government finance to the members of the board, and to the first fifty (50) petitioners on the petition, by a letter signed by one (1) member of the state board of tax commissioners **or the county board of tax and capital projects review** and enclosed with fully prepaid postage sent to those persons at their usual place of residence, at least five (5) days before the date of the hearing. The decision of the department of local government finance **or the county board of tax and capital projects review** on the appeal, upon the necessity for the execution of the lease, and as to whether the payments under it are fair and reasonable, is final.

(f) An authority entering into a lease payable from any sources permitted under this chapter may:

- (1) pledge the revenue to make payments under the lease pursuant to IC 5-1-14-4; or
- (2) establish a special fund to make the payments.

(g) Lease rentals may be limited to money in the special fund so that the obligations of the airport authority to make the lease rental payments are not considered debt of the unit or the district for purposes of the Constitution of the State of Indiana.

(h) Except as provided in this section, no approvals of any governmental body or agency are required before the authority enters into a lease under this section.

(i) An action to contest the validity of the lease or to enjoin the performance of any of its terms and conditions must be brought within thirty (30) days after the later of:

- (1) the public hearing described in subsection (c); or
- (2) the publication of the notice of the execution and approval of the lease described in subsection (d), if the lease is payable in whole or in part from tax levies.

However, if the lease is payable in whole or in part from tax levies and an appeal has been taken to the department of local government finance **or the county board of tax and capital projects review**, an action to contest the validity or enjoin the performance must be brought within thirty (30) days after the decision of the department of local government finance **or the county board of tax and capital projects review**.

(j) If an authority exercises an option to buy an airport project from a lessor, the authority may subsequently sell the airport project, without regard to any other statute, to the lessor at the end of the lease term at a price set forth in the lease or at fair market value established at the time of the sale by the authority through auction, appraisal, or arms length negotiation. If the airport project is sold at auction, after appraisal, or through negotiation, the board shall conduct a hearing after public notice in accordance with IC 5-3-1 before the sale. Any action to contest the sale must be brought within fifteen (15) days of the hearing.

SECTION 98. IC 12-19-7-3, AS AMENDED BY P.L.234-2005, SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) A family and children's fund is established in each county. The fund shall be raised by a separate tax levy (the county family and children property tax levy) that:

- (1) is in addition to all other tax levies authorized; and
- (2) shall be levied annually by the county fiscal body on all taxable property in the county in the amount necessary to raise the part of the fund that the county must raise to pay the items, awards, claims, allowances, assistance, and other expenses set forth in the annual budget under section 6 of this chapter.

(b) The tax imposed under this section shall be collected as other state and county ad valorem taxes are collected.

(c) The following shall be paid into the county treasury and constitute the family and children's fund:

- (1) All receipts from the tax imposed under this section.
- (2) All grants-in-aid, whether received from the federal government or state government.

(3) Any local option income taxes distributed to the county to replace growth in the family and children's fund levy.

~~(3)~~ **(4) Any other money required by law to be placed in the fund.**

(d) The fund is available for the purpose of paying expenses and obligations set forth in the annual budget that is submitted and approved.

(e) Money in the fund at the end of a budget year does not revert to the county general fund.

SECTION 99. IC 12-19-7-4, AS AMENDED BY P.L.234-2005, SECTION 57, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) **Except as provided in subsection (b),** for taxes first due and payable in each year after 2005, each county shall impose a county family and children property tax levy equal to the county family and children property tax levy necessary to pay the costs of the child services of the county for the next fiscal year.

(b) This subsection applies only to property taxes first due and payable after December 31, 2007. This subsection applies only to a county for which a county adjusted gross income tax rate is first imposed or is increased in a particular year under IC 6-3.5-1.1-24 or a county option income tax rate is first imposed or is increased in a particular year under IC 6-3.5-6-30. Notwithstanding any provision in this section or any other section of this chapter, for a county subject to this subsection, the county's family and children property tax levy under this section for the ensuing calendar year may not exceed the county's family and children property tax levy for the current calendar year.

~~(b)~~ **(c)** The department of local government finance shall review each county's property tax levy under this section and shall enforce the requirements of this section with respect to that levy and comply with IC 6-1.1-17-3.

SECTION 100. IC 12-19-7.5-6, AS AMENDED BY P.L.234-2005, SECTION 69, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) **Except as provided by subsection (b),** for taxes first due and payable in each year after 2005, each county shall impose a county children's psychiatric residential treatment services property tax levy equal to the county children's psychiatric residential treatment services property tax levy necessary to pay the costs of children's psychiatric residential treatment services of the county for the next fiscal year.

(b) This subsection applies only to property taxes first due and payable after December 31, 2007. This subsection applies only to a county for which a county adjusted gross income tax rate is first imposed or is increased in a particular year under IC 6-3.5-1.1-24 or a county option income tax rate is first imposed or is increased in a particular year under IC 6-3.5-6-30. Notwithstanding any provision in this section or any other section of this chapter, for a county subject to this subsection, the maximum county children's psychiatric residential treatment services property tax levy for the ensuing calendar year is equal to the maximum county children's psychiatric residential treatment services property tax levy in the current year.

~~(b)~~ **(c)** The department of local government finance shall review each county's property tax levy under this section and shall enforce the requirements of this section with respect to that levy.

SECTION 101. IC 12-29-1-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. All general Indiana statutes relating to the following apply to the issuance of county bonds under this chapter:

- (1) The filing of a petition requesting the issuance of bonds.
- (2) The giving of notice of the following:
 - (A) The filing of the petition requesting the issuance of the bonds.
 - (B) The determination to issue bonds.
 - (C) A hearing on the appropriation of the proceeds of the bonds.
- (3) The right of taxpayers to appear and be heard on the proposed appropriation.
- (4) The approval of the appropriation by the department of local government finance **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008).**
- (5) The right of taxpayers to remonstrate against the issuance of bonds.

SECTION 102. IC 12-29-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) A county shall fund the operation of community mental health centers in the amount determined under subsection (b), unless a lower tax levy amount will be adequate to fulfill the county's financial obligations under this chapter in any of the following situations:

- (1) If the total population of the county is served by one (1) center.
- (2) If the total population of the county is served by more than one (1) center.
- (3) If the partial population of the county is served by one (1) center.
- (4) If the partial population of the county is served by more than one (1) center.

(b) The amount of funding under subsection (a) for taxes first due and payable in a calendar year is the following:

- (1) For 2004, the amount is the amount determined under STEP THREE of the following formula:

STEP ONE: Determine the amount that was levied within the county to comply with this section from property taxes first due and payable in 2002.

STEP TWO: Multiply the STEP ONE result by the county's assessed value growth quotient for the ensuing year 2003, as determined under IC 6-1.1-18.5-2.

STEP THREE: Multiply the STEP TWO result by the county's assessed value growth quotient for the ensuing year 2004, as determined under IC 6-1.1-18.5-2.

- (2) **Except as provided in subsection (c),** for 2005 and each year thereafter, the result equal to:

(A) the amount that was levied in the county to comply with this section from property taxes first due and payable in the calendar year immediately preceding the ensuing

calendar year; multiplied by

(B) the county's assessed value growth quotient for the ensuing calendar year, as determined under IC 6-1.1-18.5-2.

(c) This subsection applies only to property taxes first due and payable after December 31, 2007. This subsection applies only to a county for which a county adjusted gross income tax rate is first imposed or is increased in a particular year under IC 6-3.5-1.1-24 or a county option income tax rate is first imposed or is increased in a particular year under IC 6-3.5-6-30. Notwithstanding any provision in this section or any other section of this chapter, for a county subject to this subsection, the county's maximum property tax levy under this section to fund the operation of community mental health centers for the ensuing calendar year is equal to the county's maximum property tax levy to fund the operation of community mental health centers for the current calendar year.

SECTION 103. IC 13-18-8-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) If the offender is a municipal corporation, the cost of:

- (1) acquisition, construction, repair, alteration, or extension of the necessary plants, machinery, or works; or
- (2) taking other steps that are necessary to comply with the order;

shall be paid out of money on hand available for these purposes or out of the general money of the municipal corporation not otherwise appropriated.

(b) If there is not sufficient money on hand or unappropriated, the necessary money shall be raised by the issuance of bonds. The bond issue is subject only to the approval of the department of local government finance **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)**.

SECTION 104. IC 14-30-2-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 19. The commission shall prepare an annual budget for the commission's operation and other expenditures under IC 6-1.1-17. However, the annual budget is not subject to review and modification by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** of any county. Notwithstanding any other law, the budget of the commission shall be treated for all other purposes as if the appropriate county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** had approved the budget.

SECTION 105. IC 14-30-4-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 16. (a) The commission shall prepare an annual budget for the commission's operation and other expenditures under IC 6-1.1-17. The annual budget is subject to review and modification by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** of any participating county.

(b) The commission is not eligible for funding through the Wabash River heritage corridor commission established by IC 14-13-6-6.

SECTION 106. IC 14-33-9-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) The budget of a district:

- (1) must be prepared and submitted:
 - (A) at the same time;
 - (B) in the same manner; and
 - (C) with notice;

as is required by statute for the preparation of budgets by municipalities; and

- (2) is subject to the same review by:

(A) the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)**; and

(B) the department of local government finance;

as is required by statute for the budgets of municipalities.

- (b) If a district is established in more than one (1) county:

(1) except as provided in subsection (c), the budget shall be certified to the auditor of the county in which is located the court that had exclusive jurisdiction over the establishment of the district; and

(2) notice must be published in each county having land in the district. Any taxpayer in the district is entitled to be heard before the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** having jurisdiction.

(c) If one (1) of the counties in a district contains either a first or second class city located in whole or in part in the district, the budget:

- (1) shall be certified to the auditor of that county; and
- (2) is subject to review at the county level only by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** of that county.

SECTION 107. IC 20-45-2-3, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) A school corporation that did not impose a general fund tax levy for the preceding calendar year may not collect a general fund tax levy for the ensuing calendar year until the general fund tax levy (and the related budget, appropriations, and general fund tax rate), after being adopted and advertised, is:

(1) considered by the proper county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** as provided by law;

(2) reviewed by the tax control board, which shall make its recommendations in respect to the general fund tax levy to the department; and

(3) approved by the department of local government finance.

(b) For purposes of this article, the school corporation's initial maximum permissible tuition support levy must be based on the

taxes collectible in the first full calendar year after the approval.

(c) If territory is transferred from one (1) school corporation to another under IC 20-4-4 (before its repeal), IC 20-3-14 (before its repeal), IC 20-23-5, or IC 20-25-5, maximum permissible tuition support levy and the other terms used in this article shall be interpreted as though the assessed valuation of the territory had been transferred before March 1, 1977, in accordance with rules and a final determination by the department of local government finance.

SECTION 108. IC 20-45-4-1, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. A county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** may not approve or recommend the approval of an excessive tax levy.

SECTION 109. IC 20-45-4-2, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. If a school corporation adopts or advertises an excessive tax levy, the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** that reviews the school corporation's budget, tax levy, and tax rate shall reduce the excessive tax levy to the maximum permissible tuition support levy.

SECTION 110. IC 20-45-4-3, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. If a county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** approves or recommends the approval of an excessive tax levy for a school corporation, the auditor of the county for which the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** is acting shall reduce the excessive tax levy to the maximum permissible tuition support levy. The reduction shall be set out in the notice required to be published by the county auditor under IC 6-1.1-17-12. An appeal shall be permitted as provided under IC 6-1.1-17 as modified by IC 6-1.1-19 and this article.

SECTION 111. IC 20-45-4-4, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. Appeals from any action of a county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008),** or a county auditor concerning a school corporation's budget, property tax levy, or property tax rate may be taken as provided for by IC 6-1.1-17 and IC 6-1.1-19. Notwithstanding IC 6-1.1-17 and IC 6-1.1-19, a school corporation may appeal to the department of local government finance for emergency financial relief for the ensuing calendar year at any time before:

- (1) September 20; or
- (2) in the case of a request described in IC 20-45-6-5 or IC 20-46-6-6, December 31;

of the calendar year immediately preceding the ensuing calendar

year.

SECTION 112. IC 20-45-5-3, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. The tax control board shall, after the tax control board studies the appeal petition and related materials, recommend to the department of local government finance that:

(1) the order of the county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008),** or the county auditor, in respect of the appellant school corporation's budget, tax levy, or tax rate for the ensuing calendar year, be approved;

(2) the order of the county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008),** or the county auditor concerning the appellant school corporation's budget, tax levy, or tax rate for the calendar year be disapproved and that the appellant school corporation's budget, tax levy, or tax rate for the calendar year be:

(A) reduced; or

(B) increased;

as specified in the tax control board's recommendation; or

(3) combined with a recommendation allowed under subdivision (1) or (2), a new facility adjustment be granted to permit the school corporation's tuition support levy to be increased if the school corporation can show a need for the increase because of:

(A) the opening after December 31, 1972, of a new school facility; or

(B) the reopening after July 1, 1988, of an existing facility that:

(i) was not used for at least three (3) years immediately before the reopening; and

(ii) is reopened to provide additional classroom space.

SECTION 113. IC 20-45-6-2, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) This section applies with respect to every appeal petition of a school corporation that:

(1) is delivered to the tax control board by the department of local government finance under IC 6-1.1-19-4.1; and

(2) includes a request for emergency financial relief.

(b) This section does not apply to an appeal petition described in section 5 or 6 of this chapter.

(c) The tax control board shall, after studying the appeal petition and related materials, make an appropriate recommendation to the department of local government finance.

(d) If the appeal petition requests a referendum under IC 20-46-1, the tax control board shall expedite the tax control board's review as necessary to permit the referendum to be conducted without a special election.

(e) In respect to the appeal petition, the tax control board may make to the department of local government finance any of the recommendations described in IC 20-45-5-3, subject to the

limitations described in IC 20-45-5-6.

(f) In addition to a recommendation under subsection (c) or (e), if the tax control board concludes that the appellant school corporation cannot, in a calendar year, carry out the public educational duty committed to the appellant school corporation by law if the appellant school corporation does not receive emergency financial relief for the calendar year, the tax control board may recommend to the department of local government finance that:

(1) the order of the county board of tax adjustment (**before January 1, 2009**), the **county board of tax and capital projects review (after December 31, 2008)**, or the county auditor in respect of the budget, tax levy, or tax rate of the appellant school corporation be:

- (A) approved; or
- (B) disapproved and modified;

as specified in the tax control board's recommendation; and

(2) the appellant school corporation receive emergency financial relief from the state:

- (A) on terms to be specified by the tax control board in the tax control board's recommendation; and
- (B) in the form permitted under subsection (g).

(g) The tax control board may recommend emergency financial relief for a school corporation under subsection (f) in the form of:

- (1) a grant or grants from any funds of the state that are available for that purpose;
- (2) a loan or loans from any funds of the state that are available for that purpose;
- (3) permission to the appellant school corporation to borrow funds from a source other than the state or assistance in obtaining the loan;
- (4) an advance or advances of funds that will become payable to the appellant school corporation under any law providing for the payment of state funds to school corporations;
- (5) permission to the appellant school corporation to:
 - (A) cancel any unpaid obligation of the appellant school corporation's general fund to the appellant school corporation's capital projects fund; or
 - (B) use for general fund purposes:
 - (i) any unobligated balance in the appellant school corporation's capital projects fund; and
 - (ii) the proceeds of any levy made or to be made by the school corporation for;
 - the school corporation's capital projects fund;
- (6) permission to use, for general fund purposes, any unobligated balance in any debt service or other construction fund, including any unobligated proceeds of a sale of the school corporation's general obligation bonds; or
- (7) a combination of the emergency financial relief described in subdivisions (1) through (6).

SECTION 114. IC 20-45-7-20, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 20. (a) The county auditor shall compute the amount of the tax to be levied each year. Before August 2, the county auditor shall certify the amount to the county

council.

(b) The tax rate shall be advertised and fixed by the county council in the same manner as other property tax rates. The tax rate shall be subject to all applicable law relating to review by the county board of tax adjustment (**before January 1, 2009**) or the **county board of tax and capital projects review (after December 31, 2008)** and the department of local government finance.

(c) The department of local government finance shall certify the tax rate at the time it certifies the other county tax rates.

(d) The department of local government finance shall raise or lower the tax rate to the tax rate provided in this chapter, regardless of whether the certified tax rate is below or above the tax rate advertised by the county.

SECTION 115. IC 20-45-8-20, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 20. The tax levy is subject to all laws concerning review by the county board of tax adjustment (**before January 1, 2009**) or the **county board of tax and capital projects review (after December 31, 2008)** and the department of local government finance.

SECTION 116. IC 20-46-7-8, AS AMENDED BY P.L.192-2006, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) A school corporation must file a petition requesting approval from the department of local government finance to:

- (1) incur bond indebtedness;
- (2) enter into a lease rental agreement; or
- (3) repay from the debt service fund loans made for the purchase of school buses under IC 20-27-4-5;

not later than twenty-four (24) months after the first date of publication of notice of a preliminary determination under IC 6-1.1-20-3.1(2), unless the school corporation demonstrates that a longer period is reasonable in light of the school corporation's facts and circumstances.

(b) A school corporation must obtain approval from the department of local government finance before the school corporation may:

- (1) incur the indebtedness;
- (2) enter into the lease agreement; or
- (3) repay the school bus purchase loan.

(c) This restriction does not apply to property taxes that a school corporation levies to pay or fund bond or lease rental indebtedness created or incurred before July 1, 1974. In addition, this restriction does not apply to a lease agreement or a purchase agreement entered into between a school corporation and the Indiana bond bank for the lease or purchase of a school bus under IC 5-1.5-4-1(a)(5), if the lease agreement or purchase agreement conforms with the school corporation's ten (10) year school bus replacement plan approved by the department of local government finance under IC 21-2-11.5-3.1.

(d) This section does not apply to:

- (1) school bus purchase loans made by a school corporation that will be repaid solely from the general fund of the school

corporation; or

(2) bonded indebtedness incurred or lease rental agreements entered into for capital projects approved by a county board of tax and capital projects review under IC 6-1.1-29.5 after December 31, 2008.

SECTION 117. IC 20-46-7-9, AS ADDED BY P.L.2-2006, SECTION 169, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) This section applies only to an obligation described in section 8 of this chapter. **This section does not apply to bonded indebtedness incurred or lease rental agreements entered into for capital projects approved by a county board of tax and capital projects review under IC 6-1.1-29.5 after December 31, 2008.**

(b) The department of local government finance may:

- (1) approve;
- (2) disapprove; or
- (3) modify then approve;

a school corporation's proposed lease rental agreement, bond issue, or school bus purchase loan. Before the department of local government finance approves or disapproves a proposed lease rental agreement, bond issue, or school bus purchase loan, the department of local government finance may seek the recommendation of the tax control board.

(c) The department of local government finance shall render a decision not more than three (3) months after the date the department of local government finance receives a request for approval under section 8 of this chapter. However, the department of local government finance may extend this three (3) month period by an additional three (3) months if, at least ten (10) days before the end of the original three (3) month period, the department of local government finance sends notice of the extension to the executive officer of the school corporation.

SECTION 118. IC 20-46-7-10, AS ADDED BY P.L.2-2006, SECTION 169, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) This section applies only to an obligation described in section 8 of this chapter. **This section does not apply to bonded indebtedness incurred or lease rental agreements entered into for capital projects approved by a county board of tax and capital projects review under IC 6-1.1-29.5 after December 31, 2008.**

(b) The department of local government finance may not approve a school corporation's proposed lease rental agreement or bond issue to finance the construction of additional classrooms unless the school corporation first:

- (1) establishes that additional classroom space is necessary; and
- (2) conducts a feasibility study, holds public hearings, and hears public testimony on using a twelve (12) month school term (instead of the nine (9) month school term (as defined in IC 20-30-2-7)) rather than expanding classroom space.

(c) A taxpayer may petition for judicial review of the final determination of the department of local government finance under this section. The petition must be filed in the tax court not more than thirty (30) days after the department of local government finance enters its order under this section.

SECTION 119. IC 20-46-7-14 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE MAY 15, 2007 (RETROACTIVE)]: **Sec. 14. After May 15, 2007, the department of local government finance may not approve under section 9 of this chapter a school corporation's proposed:**

- (1) bond issue that does not provide for payments toward the principal of the bonds on at least an annual basis in the amount determined under the rules or guidelines adopted by the department of local government finance;**
- (2) lease rental agreement that does not provide for repayments toward the present asset value of the lease at its inception on at least an annual basis in the amount determined under the rules or guidelines adopted by the department of local government finance; or**
- (3) debt service fund loan to purchase school buses that does not provide for payments toward the principal of the loan on at least an annual basis in the amount determined under the rules or guidelines adopted by the department of local government finance.**

SECTION 120. IC 33-37-7-8, AS AMENDED BY P.L.174-2006, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) The clerk of a city or town court shall distribute semiannually to the auditor of state as the state share for deposit in the state general fund fifty-five percent (55%) of the amount of fees collected under the following:

- (1) IC 33-37-4-1(a) (criminal costs fees).
- (2) IC 33-37-4-2(a) (infraction or ordinance violation costs fees).
- (3) IC 33-37-4-4(a) (civil costs fees).
- (4) IC 33-37-4-6(a)(1)(A) (small claims costs fees).
- (5) IC 33-37-5-17 (deferred prosecution fees).

(b) The city or town fiscal officer shall distribute monthly to the county auditor as the county share twenty percent (20%) of the amount of fees collected under the following:

- (1) IC 33-37-4-1(a) (criminal costs fees).
- (2) IC 33-37-4-2(a) (infraction or ordinance violation costs fees).
- (3) IC 33-37-4-4(a) (civil costs fees).
- (4) IC 33-37-4-6(a)(1)(A) (small claims costs fees).
- (5) IC 33-37-5-17 (deferred prosecution fees).

(c) The city or town fiscal officer shall retain twenty-five percent (25%) as the city or town share of the fees collected under the following:

- (1) IC 33-37-4-1(a) (criminal costs fees).
- (2) IC 33-37-4-2(a) (infraction or ordinance violation costs fees).
- (3) IC 33-37-4-4(a) (civil costs fees).
- (4) IC 33-37-4-6(a)(1)(A) (small claims costs fees).
- (5) IC 33-37-5-17 (deferred prosecution fees).

(d) The clerk of a city or town court shall distribute semiannually to the auditor of state for deposit in the state user fee fund established in IC 33-37-9 the following:

- (1) Twenty-five percent (25%) of the drug abuse, prosecution, interdiction, and ~~corrections~~ **correction** fees collected under

IC 33-37-4-1(b)(5).

(2) Twenty-five percent (25%) of the alcohol and drug countermeasures fees collected under IC 33-37-4-1(b)(6), IC 33-37-4-2(b)(4), and IC 33-37-4-3(b)(5).

(3) One hundred percent (100%) of the highway work zone fees collected under IC 33-37-4-1(b)(9) and IC 33-37-4-2(b)(5).

(4) One hundred percent (100%) of the safe schools fee collected under IC 33-37-5-18.

(5) One hundred percent (100%) of the automated record keeping fee (IC 33-37-5-21).

(e) The clerk of a city or town court shall distribute monthly to the county auditor the following:

(1) Seventy-five percent (75%) of the drug abuse, prosecution, interdiction, and corrections fees collected under IC 33-37-4-1(b)(5).

(2) Seventy-five percent (75%) of the alcohol and drug countermeasures fees collected under IC 33-37-4-1(b)(6), IC 33-37-4-2(b)(4), and IC 33-37-4-3(b)(5).

The county auditor shall deposit fees distributed by a clerk under this subsection into the county drug free community fund established under IC 5-2-11.

(f) The clerk of a city or town court shall distribute monthly to the city or town fiscal officer (as defined in IC 36-1-2-7) one hundred percent (100%) of the following:

(1) The late payment fees collected under IC 33-37-5-22.

(2) The small claims service fee collected under IC 33-37-4-6(a)(1)(B) or IC 33-37-4-6(a)(2).

(3) The small claims garnishee service fee collected under IC 33-37-4-6(a)(1)(C) or IC 33-37-4-6(a)(3).

The city or town fiscal officer (as defined in IC 36-1-2-7) shall deposit fees distributed by a clerk under this subsection in the city or town general fund.

(g) The clerk of a city or town court shall semiannually distribute to the auditor of state for deposit in the state general fund one hundred percent (100%) of the following:

(1) The public defense administration fee collected under IC 33-37-5-21.2.

(2) The DNA sample processing fees collected under IC 33-37-5-26.2.

(3) The court administration fees collected under IC 33-37-5-27.

(h) The clerk of a city or town court shall semiannually distribute to the auditor of state for deposit in the judicial branch insurance adjustment account established by IC 33-38-5-8.2 one hundred percent (100%) of the judicial insurance adjustment fee collected under IC 33-37-5-25.

(i) The clerk of a city or town court shall semiannually distribute to the auditor of state for deposit in the state general fund seventy-five percent (75%) of the judicial salaries fee collected under IC 33-37-5-26. The city or town fiscal officer shall retain twenty-five percent (25%) of the judicial salaries fee collected under IC 33-37-5-26. ~~as the city or town share. The funds retained by the city or town shall be prioritized to fund city or town~~

court operations.

SECTION 121. IC 36-7-14-27.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 27.5. (a) The redevelopment commission may borrow money in anticipation of receipt of the proceeds of taxes levied for the redevelopment district bond fund and not yet collected, and may evidence this borrowing by issuing warrants of the redevelopment district. However, the aggregate principal amount of warrants issued in anticipation of and payable from the same tax levy or levies may not exceed an amount equal to eighty percent (80%) of that tax levy or levies, as certified by the department of local government finance, or as determined by multiplying the rate of tax as finally approved by the total assessed valuation (after deducting all mortgage deductions) within the redevelopment district, as most recently certified by the county auditor.

(b) The warrants may be authorized and issued at any time after the tax or taxes in anticipation of which they are issued have been levied by the redevelopment commission. For purposes of this section, taxes for any year are considered to be levied upon adoption by the commission of a resolution prescribing the tax levies for the year. However, the warrants may not be delivered and paid for before final approval of the tax levy or levies by the county board of tax adjustment (**before January 1, 2009**), **the county board of tax and capital projects review (after December 31, 2008)**, or, if appealed, by the department of local government finance, unless the issuance of the warrants has been approved by the department.

(c) All action that this section requires or authorizes the redevelopment commission to take may be taken by resolution, which need not be published or posted. The resolution takes effect immediately upon its adoption by the redevelopment commission. An action to contest the validity of tax anticipation warrants may not be brought later than ten (10) days after the sale date.

(d) In their resolution authorizing the warrants, the redevelopment commission must provide that the warrants mature at a time or times not later than December 31 after the year in which the taxes in anticipation of which the warrants are issued are due and payable.

(e) In their resolution authorizing the warrants, the redevelopment commission may provide:

(1) the date of the warrants;

(2) the interest rate of the warrants;

(3) the time of interest payments on the warrants;

(4) the denomination of the warrants;

(5) the form either registered or payable to bearer, of the warrants;

(6) the place or places of payment of the warrants, either inside or outside the state;

(7) the medium of payment of the warrants;

(8) the terms of redemption, if any, of the warrants, at a price not exceeding par value and accrued interest;

(9) the manner of execution of the warrants; and

(10) that all costs incurred in connection with the issuance of the warrants may be paid from the proceeds of the warrants.

(f) The warrants shall be sold for not less than par value, after notice inviting bids has been published under IC 5-3-1. The redevelopment commission may also publish the notice in other newspapers or financial journals.

(g) Warrants and the interest on them are not subject to any limitation contained in section 25.1 of this chapter, and are payable solely from the proceeds of the tax levy or levies in anticipation of which the warrants were issued. The authorizing resolution must pledge a sufficient amount of the proceeds of the tax levy or levies to the payment of the warrants and the interest.

SECTION 122. IC 36-7-15.1-26.9, AS AMENDED BY P.L.2-2006, SECTION 192, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 26.9. (a) The definitions set forth in section 26.5 of this chapter apply to this section.

(b) The fiscal officer of the consolidated city shall publish in the newspaper in the county with the largest circulation all determinations made under section 26.5 or 26.7 of this chapter that result in the allowance or disallowance of credits. The publication of a determination made under section 26.5 of this chapter shall be made not later than June 20 of the year in which the determination is made. The publication of a determination made under section 26.7 of this chapter shall be made not later than December 5 of the year in which the determination is made.

(c) If credits are granted under section 26.5(g) or 26.5(h) of this chapter, whether in whole or in part, property taxes on personal property (as defined in IC 6-1.1-1-11) that are equal to the aggregate amounts of the credits for all taxpayers in the allocation area under section 26.5(g) and 26.5(h) of this chapter shall be:

- (1) allocated to the redevelopment district;
- (2) paid into the special fund for that allocation area; and
- (3) used for the purposes specified in section 26 of this chapter.

(d) The county auditor shall adjust the estimate of assessed valuation that the auditor certifies under IC 6-1.1-17-1 for all taxing units in which the allocation area is located. The county auditor may amend this adjustment at any time before the earliest date a taxing unit must publish the unit's proposed property tax rate under IC 6-1.1-17-3 in the year preceding the year in which the credits under section 26.5(g) or 26.5(h) of this chapter are paid. The auditor's adjustment to the assessed valuation shall be:

- (1) calculated to produce an estimated assessed valuation that will offset the effect that paying personal property taxes into the allocation area special fund under subsection (c) would otherwise have on the ability of a taxing unit to achieve the taxing unit's tax levy in the following year; and
- (2) used by the county board of tax adjustment (**before January 1, 2009**) or the county board of tax and capital projects review (**after December 31, 2008**), the department of local government finance, and each taxing unit in determining each taxing unit's tax rate and tax levy in the following year.

(e) The amount by which a taxing unit's levy is adjusted as a result of the county auditor's adjustment of assessed valuation under

subsection (d), and the amount of the levy that is used to make direct payments to taxpayers under section 26.5(h) of this chapter, is not part of the total county tax levy under IC 6-1.1-21-2(g) and is not subject to IC 6-1.1-20.

(f) The ad valorem property tax levy limits imposed by IC 6-1.1-18.5-3 and IC 20-45-3 do not apply to ad valorem property taxes imposed that are used to offset the effect of paying personal property taxes into an allocation area special fund during the taxable year under subsection (d) or to make direct payments to taxpayers under section 26.5(h) of this chapter. For purposes of computing the ad valorem property tax levy limits imposed under IC 6-1.1-18.5-3 and IC 20-45-3, a taxing unit's ad valorem property tax levy for a particular calendar year does not include that part of the levy imposed to offset the effect of paying personal property taxes into an allocation area special fund under subsection (d) or to make direct payments to taxpayers under section 26.5(h) of this chapter.

(g) Property taxes on personal property that are deposited in the allocation area special fund:

- (1) are subject to any pledge of allocated property tax proceeds made by the redevelopment district under section 26(d) of this chapter, including but not limited to any pledge made to owners of outstanding bonds of the redevelopment district of allocated taxes from that area; and
- (2) may not be treated as property taxes used to pay interest or principal due on debt under IC 6-1.1-21-2(g)(1)(D).

SECTION 123. IC 36-8-6-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) If the local board determines that the total amount of money available for a year will be insufficient to pay the benefits, pensions, and retirement allowances the local board is obligated to pay under this chapter, the local board shall, before the date on which the budget of the municipality is adopted, prepare an itemized estimate in the form prescribed by the state board of accounts of the amount of money that will be receipted into and disbursed from the 1925 fund during the next fiscal year. The estimated receipts consist of the items enumerated in section 4(a) of this chapter. The estimated disbursements consist of an estimate of the amount of money that will be needed by the local board during the next fiscal year to defray the expenses and obligations incurred and that will be incurred by the local board in making the payments prescribed by this chapter to retired members, to members who are eligible to and expect to retire during the ensuing fiscal year, and to the dependents of deceased members.

(b) The local board may provide in its annual budget and pay all necessary expenses of operating the 1925 fund, including the payment of all costs of litigation and attorney fees arising in connection with the fund, as well as the payment of benefits and pensions. Notwithstanding any other law, neither the municipal legislative body, the county board of tax adjustment (**before January 1, 2009**), the county board of tax and capital projects review (**after December 31, 2008**), nor the department of local government finance may reduce an item of expenditure.

(c) At the time when the estimates are prepared and submitted, the local board shall also prepare and submit a certified statement

showing:

(1) the name, age, and date of retirement of each retired member and the monthly and yearly amount of the payment to which the retired member is entitled;

(2) the name and age of each member who is eligible to and expects to retire during the next fiscal year, the date on which the member expects to retire, and the monthly and yearly amount of the payment that the member will be entitled to receive; and

(3) the name and age of each dependent, the date on which the dependent became a dependent, the date on which the dependent will cease to be a dependent by reason of attaining the age at which dependents cease to be dependents, and the monthly and yearly amount of the payment to which the dependent is entitled.

(d) The total receipts shall be deducted from the total expenditures stated in the itemized estimate and the amount of the excess of the estimated expenditures over the estimated receipts shall be paid by the municipality in the same manner as other expenses of the municipality are paid. A tax levy shall be made annually for this purpose, as provided in subsection (e). The estimates submitted shall be prepared and filed in the same manner and form and at the same time that estimates of other municipal offices and departments are prepared and filed.

(e) The municipal legislative body shall levy an annual tax in the amount and at the rate that are necessary to produce the revenue to pay that part of the police pensions that the municipality is obligated to pay. All money derived from the levy is for the exclusive use of the police pensions and benefits. The amounts in the estimated disbursements, if found to be correct and in conformity with the data submitted in the certified statement, are a binding obligation upon the municipality. The legislative body shall make a levy for them that will yield an amount equal to the estimated disbursements, less the amount of the estimated receipts. Notwithstanding any other law, neither the county board of tax adjustment (**before January 1, 2009**), **the county board of tax and capital projects review (after December 31, 2008)**, nor the department of local government finance may reduce the levy.

SECTION 124. IC 36-8-7-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. (a) The local board shall meet annually and prepare an itemized estimate, in the form prescribed by the state board of accounts, of the amount of money that will be receipted into and disbursed from the 1937 fund during the next fiscal year. The estimated receipts consist of the items enumerated in section 8 of this chapter. The estimated disbursements must be divided into two (2) parts, designated as part 1 and part 2.

(b) Part 1 of the estimated disbursements consists of an estimate of the amount of money that will be needed by the local board during the next fiscal year to defray the expenses and obligations incurred and that will be incurred by the local board in making the payments prescribed by this chapter to retired members, to members who are eligible to and expect to retire during the next fiscal year, and to the dependents of deceased members. Part 2 of the estimated

disbursements consists of an estimate of the amount of money that will be needed to pay death benefits and other expenditures that are authorized or required by this chapter.

(c) At the time when the estimates are prepared and submitted, the local board shall also prepare and submit a certified statement showing the following:

(1) The name, age, and date of retirement of each retired member and the monthly and yearly amount of the payment to which the retired member is entitled.

(2) The name and age of each member who is eligible to and expects to retire during the next fiscal year, the date on which the member expects to retire, and the monthly and yearly amount of the payment that the member will be entitled to receive.

(3) The name and the age of each dependent, the date on which the dependent became a dependent, the date on which the dependent will cease to be a dependent by reason of attaining the age at which dependents cease to be dependents, and the monthly and yearly amount of the payment to which the dependent is entitled.

(4) The amount that would be required for the next fiscal year to maintain level cost funding during the active fund members' employment on an actuarial basis.

(5) The amount that would be required for the next fiscal year to amortize accrued liability for active members, retired members, and dependents over a period determined by the local board, but not to exceed forty (40) years.

(d) The total receipts shall be deducted from the total expenditures as listed in the itemized estimate. The amount of the excess of the estimated expenditures over the estimated receipts shall be paid by the unit in the same manner as other expenses of the unit are paid, and an appropriation shall be made annually for that purpose. The estimates submitted shall be prepared and filed in the same manner and form and at the same time that estimates of other offices and departments of the unit are prepared and filed.

(e) The estimates shall be made a part of the annual budget of the unit. When revising the estimates, the executive, the fiscal officer, and other fiduciary officers may not reduce the items in part 1 of the estimated disbursements.

(f) The unit's fiscal body shall make the appropriations necessary to pay that proportion of the budget of the 1937 fund that the unit is obligated to pay under subsection (d). In addition, the fiscal body may make appropriations for purposes of subsection (c)(4), (c)(5), or both. All appropriations shall be made to the local board for the exclusive use of the 1937 fund. The amounts listed in part 1 of the estimated disbursements, if found to be correct and in conformity with the data submitted in the certified statement, are a binding obligation upon the unit. Notwithstanding any other law, neither the county board of tax adjustment (**before January 1, 2009**), **the county board of tax and capital projects review (after December 31, 2008)**, nor the department of local government finance may reduce the appropriations made to pay the amount equal to estimated disbursements minus estimated receipts.

SECTION 125. IC 36-8-7-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 22. The 1937 fund may not be, either before or after an order for distribution to members of the fire department or to the surviving spouses or guardians of a child or children of a deceased, disabled, or retired member, held, seized, taken, subjected to, detained, or levied on by virtue of an attachment, execution, judgment, writ, interlocutory or other order, decree, or process, or proceedings of any nature issued out of or by a court in any state for the payment or satisfaction, in whole or in part, of a debt, damages, demand, claim, judgment, fine, or amercement of the member or the member's surviving spouse or children. The 1937 fund shall be kept and distributed only for the purpose of pensioning the persons named in this chapter. The local board may, however, annually expend an amount from the 1937 fund that it considers proper for the necessary expenses connected with the fund. Notwithstanding any other law, neither the fiscal body, the county board of tax adjustment (**before January 1, 2009**), **the county board of tax and capital projects review (after December 31, 2008)**, nor the department of local government finance may reduce these expenditures.

SECTION 126. IC 36-8-7.5-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) If the local board determines that the total amount of money available for a year will be insufficient to pay the benefits, pensions, and retirement allowances the local board is obligated to pay under this chapter, the local board shall, before the date on which the budget of the police special service district is adopted, prepare an itemized estimate in the form prescribed by the state board of accounts of the amount of money that will be receipted into and disbursed from the 1953 fund during the next fiscal year. The estimated receipts consist of the items enumerated in section 8 of this chapter. The estimated disbursements consist of an estimate of the amount of money that will be needed by the local board during the next fiscal year to defray the expenses and obligations incurred and that will be incurred by the local board in making the payments prescribed by this chapter to retired members, to members who are eligible and expect to retire during the ensuing fiscal year, and to the dependents of deceased members.

(b) At the time when the estimates are prepared and submitted, the local board shall also prepare and submit a certified statement showing:

- (1) the estimated number of beneficiaries from the 1953 fund during the ensuing fiscal year in each of the various classifications of beneficiaries as prescribed in this chapter, and the names and amount of benefits being paid to those actively on the list of beneficiaries at that time;
- (2) the name, age, and length of service of each member of the police department who is eligible to and expects to retire during the ensuing fiscal year, and the monthly and yearly amounts of the payment that the member will be entitled to receive; and
- (3) the name and age of each dependent of a member of the police department who is then receiving benefits, the date on which the dependent commenced drawing benefits, and the

date on which the dependent will cease to be a dependent by reason of attaining the age limit prescribed by this chapter, and the monthly and yearly amounts of the payments to which each of the dependents is entitled.

(c) After the amounts of receipts and disbursements shown in the itemized estimate are fixed and approved by the executive, fiscal officer, legislative body and other bodies, as provided by law for other municipal funds, the total receipts shall be deducted from the total expenditures stated in the itemized estimate, and the amount of the excess shall be paid by the police special service district in the same manner as other expenses of the district are paid. The legislative body shall levy a tax and the money derived from the levy shall, when collected, be credited exclusively to the 1953 fund. The tax shall be levied in the amount and at the rate that is necessary to produce sufficient revenue to equal the deficit. Notwithstanding any other law, neither the county board of tax adjustment (**before January 1, 2009**), **the county board of tax and capital projects review (after December 31, 2008)**, nor the department of local government finance may reduce the tax levy.

SECTION 127. IC 36-8-11-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 18. (a) The board shall annually budget the necessary money to meet the expenses of operation and maintenance of the district, including repairs, fees, salaries, depreciation on all depreciable assets, rents, supplies, contingencies, bond redemption, and all other expenses lawfully incurred by the district. After estimating expenses and receipts of money, the board shall establish the tax levy required to fund the estimated budget.

(b) The budget must be approved by the fiscal body of the county, the county board of tax adjustment (**before January 1, 2009**), **the county board of tax and capital projects review (after December 31, 2008)**, and the department of local government finance.

(c) Upon approval by the department of local government finance, the board shall certify the approved tax levy to the auditor of the county having land within the district. The auditor shall have the levy entered on the county treasurer's tax records for collection. After collection of the taxes the auditor shall issue a warrant on the treasurer to transfer the revenues collected to the board, as provided by statute.

SECTION 128. IC 36-8-11-22.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 22.1. (a) This section applies to a district that consists of a municipality that is located in two (2) counties.

(b) This section does not apply to a merged district under section 23 of this chapter.

(c) Sections 6 and 7 of this chapter apply to the petition.

(d) The board of fire trustees for the district shall be appointed as prescribed by section 12 of this chapter. However, the legislative body of each county within which the district is located shall jointly appoint one (1) trustee from each township or part of a township contained in the district and one (1) trustee from the municipality contained in the district. The legislative body of each county shall jointly appoint a member to fill a vacancy.

(e) Sections 13, 14, and 15 of this chapter relating to the board of fire trustees apply to the board of the district. However, the county legislative bodies serving the district shall jointly decide where the board shall locate (or approve location of) its office.

(f) Sections 16, 17, 18, 19, and 21 of this chapter relating to the taxing district, bonds, annual budget, tax levies, and disbanding of fire departments apply to the district. However, the budget must be approved by the county fiscal body and county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** in each county in the district. In addition, the auditor of each county in the district shall perform the duties described in section 18(c) of this chapter.

SECTION 129. IC 36-8-11-23 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 23. (a) Any fire protection district may merge with one (1) or more protection districts to form a single district if at least one-eighth (1/8) of the aggregate external boundaries of the districts coincide.

(b) The legislative body of the county where at least two (2) districts are located (or if the districts are located in more than one (1) county, the legislative body of each county) shall, if petitioned by freeholders in the two (2) districts, adopt an ordinance merging the districts into a single fire protection district.

(c) Freeholders who desire the merger of at least two (2) fire protection districts must initiate proceedings by filing a petition in the office of the county auditor of each county where a district is located. The petition must be signed:

(1) by at least twenty percent (20%), with a minimum of five hundred (500) from each district, of the freeholders owning land within the district; or

(2) by a majority of the freeholders from the districts; whichever is less.

(d) The petition described in subsection (c) must state the same items listed in section 7 of this chapter. Sections 6, 8, and 9 of this chapter apply to the petition and to the legislative body of each county in the proposed district.

(e) The board of fire trustees for each district shall form a single board, which shall continue to be appointed as prescribed by section 12 of this chapter. In addition, sections 13, 14, and 15 of this chapter relating to the board of fire trustees apply to the board of the merged district, except that if the merged district lies in more than one (1) county, the county legislative bodies serving the combined district shall jointly decide where the board shall locate (or approve relocation of) its office.

(f) Sections 16, 17, 18, 19, and 21 of this chapter relating to the taxing district, bonds, annual budget, tax levies, and disbanding of fire departments apply to a merged district. However, the budget must be approved by the county fiscal body and county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** in each county in the merged district. In addition, the auditor of each county in the district shall perform the duties described in section 18(c) of this chapter.

SECTION 130. IC 36-8-13-4.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4.7. (a) For a township that elects to have the township provide fire protection and emergency services under section 3(c) of this chapter, the department of local government finance shall adjust the township's maximum permissible levy in the year following the year in which the change is elected, as determined under IC 6-1.1-18.5-3, to reflect the change from providing fire protection or emergency services under a contract between the municipality and the township to allowing the township to impose a property tax levy on the taxable property located within the corporate boundaries of each municipality. For the ensuing calendar year, the township's maximum permissible property tax levy shall be increased by the product of:

(1) one and five-hundredths (1.05); multiplied by

(2) the amount the township contracted or billed to receive, regardless of whether the amount was collected:

(A) in the year in which the change is elected; and

(B) as fire protection or emergency service payments from the municipalities or residents of the municipalities covered by the election under section 3(c) of this chapter.

The maximum permissible levy for a general fund or other fund of a municipality covered by the election under section 3(c) of this chapter shall be reduced for the ensuing calendar year to reflect the change to allowing the township to impose a property tax levy on the taxable property located within the corporate boundaries of the municipality. The total reduction in the maximum permissible levies for all electing municipalities must equal the amount that the maximum permissible levy for the township is increased under this subsection for contracts or billings, regardless of whether the amount was collected, less the amount actually paid from sources other than property tax revenue.

(b) For purposes of determining a township's and each municipality's maximum permissible ad valorem property tax levy under IC 6-1.1-18.5-3 for years following the first year after the year in which the change is elected, a township's and each municipality's maximum permissible ad valorem property tax levy is the levy after the adjustment made under subsection (a).

(c) The township may use the amount of a maximum permissible property tax levy computed under this section in setting budgets and property tax levies for any year in which the election in section 3(c) of this chapter is in effect. A county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** may not reduce a budget or tax levy solely because the budget or levy is based on the maximum permissible property tax levy computed under this section.

(d) Section 4.6 of this chapter does not apply to a property tax levy or a maximum property tax levy subject to this section.

SECTION 131. IC 36-8-15-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 19. (a) This subsection applies to a county not having a consolidated city. For the purpose of raising money to fund the operation of the district, the county fiscal body may impose, for property taxes first due and payable during each year after the adoption of an ordinance

establishing the district, an ad valorem property tax levy on property within the district. The property tax rate for that levy may not exceed five cents (\$0.05) on each one hundred dollars (\$100) of assessed valuation.

(b) This subsection applies to a county having a consolidated city. The county fiscal body may elect to fund the operation of the district from part of the certified distribution, if any, that the county is to receive during a particular calendar year under IC 6-3.5-6-17. To make such an election, the county fiscal body must adopt an ordinance before September 1 of the immediately preceding calendar year. The county fiscal body must specify in the ordinance the amount of the certified distribution that is to be used to fund the operation of the district. If the county fiscal body adopts such an ordinance, it shall immediately send a copy of the ordinance to the county auditor.

(c) Subject to subsections (d), (e), and (f), if an ordinance or resolution is adopted changing the territory covered by the district or the number of public agencies served by the district, the local government tax control board **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall, for property taxes first due and payable during the year after the adoption of the ordinance, adjust the maximum permissible ad valorem property tax levy limits of the district and the units participating in the district.

(d) If a unit by ordinance or resolution joins the district or elects to have its public safety agencies served by the district, the local government tax control board **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall reduce the maximum permissible ad valorem property tax levy of the unit for property taxes first due and payable during the year after the adoption of the ordinance or resolution. The reduction shall be based on the amount budgeted by the unit for public safety communication services in the year in which the ordinance was adopted. If such an ordinance or resolution is adopted, the district shall refer its proposed budget, ad valorem property tax levy, and property tax rate for the following year to the board, which shall review and set the budget, levy, and rate as though the district were covered by IC 6-1.1-18.5-7.

(e) If a unit by ordinance or resolution withdraws from the district or rescinds its election to have its public safety agencies served by the district, the local government tax control board **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall reduce the maximum permissible ad valorem property tax levy of the district for property taxes first due and payable during the year after the adoption of the ordinance or resolution. The reduction shall be based on the amounts being levied by the district within that unit. If such an ordinance or resolution is adopted, the unit shall refer its proposed budget, ad valorem property tax levy, and property tax rate for public safety communication services to the board, which shall review and set the budget, levy, and rate as though the unit were covered by IC 6-1.1-18.5-7.

(f) The adjustments provided for in subsections (c), (d), and (e) do not apply to a district or unit located in a particular county if the

county fiscal body of that county does not impose an ad valorem property tax levy under subsection (a) to fund the operation of the district.

SECTION 132. IC 36-9-3-29 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 29. The board shall prepare an annual budget for the authority's operating and maintenance expenditures and necessary capital expenditures. Each annual budget is subject to review and modification by the:

- (1) fiscal body of the county or municipality that establishes the authority; and
- (2) county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** and the department of local government finance under IC 6-1.1-17.

SECTION 133. IC 36-9-4-47 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 47. (a) The board of directors of a public transportation corporation may:

- (1) borrow money in anticipation of receipt of the proceeds of taxes that have been levied by the board and have not yet been collected; and
- (2) evidence this borrowing by issuing warrants of the corporation.

The money that is borrowed may be used by the corporation for payment of principal and interest on its bonds or for payment of current operating expenses.

(b) The warrants:

- (1) bear the date or dates;
- (2) mature at the time or times on or before December 31 following the year in which the taxes in anticipation of which the warrants are issued are due and payable;
- (3) bear interest at the rate or rates and are payable at the time or times;
- (4) may be in the denominations;
- (5) may be in the forms, either registered or payable to bearer;
- (6) are payable at the place or places, either inside or outside Indiana;
- (7) are payable in the medium of payment;
- (8) are subject to redemption upon the terms, including a price not exceeding par and accrued interest; and
- (9) may be executed by the officers of the corporation in the manner;

provided by resolution of the board of directors. The resolution may also authorize the board to pay from the proceeds of the warrants all costs incurred in connection with the issuance of the warrants.

(c) The warrants may be authorized and issued at any time after the board of directors levies the tax or taxes in anticipation of which the warrants are issued.

(d) The warrants may be sold for not less than par value after notice inviting bids has been published in accordance with IC 5-3-1. The board of directors may also publish the notice inviting bids in other newspapers or financial journals.

(e) After the warrants are sold, they may be delivered and paid for at one (1) time or in installments.

(f) The aggregate principal amount of warrants issued in anticipation of and payable from the same tax levy or levies may not exceed eighty percent (80%) of the levy or levies, as the amount of the levy or levies is certified by the department of local government finance, or as is determined by multiplying the rate of tax as finally approved by the total assessed valuation of taxable property within the taxing district of the public transportation corporation as most recently certified by the county auditor.

(g) For purposes of this section, taxes for any year are considered to be levied when the board of directors adopts the ordinance prescribing the tax levies for the year. However, warrants may not be delivered and paid for before final approval of a tax levy or levies by the county board of tax adjustment (**before January 1, 2009**) or the county board of tax and capital projects review (**after December 31, 2008**) (or, if appealed, by the department of local government finance) unless the issuance of the warrants has been approved by the department of local government finance.

(h) The warrants and the interest on them are not subject to sections 43 and 44 of this chapter and are payable solely from the proceeds of the tax levy or levies in anticipation of which the warrants were issued. The authorizing resolution must pledge a sufficient amount of the proceeds of the tax levy or levies to the payment of the warrants and the interest.

(i) All actions of the board of directors under this section may be taken by resolution, which need not be published or posted. The resolution takes effect immediately upon its adoption by a majority of the members of the board of directors.

(j) An action to contest the validity of any tax anticipation warrants may not be brought later than ten (10) days after the sale date.

SECTION 134. IC 36-9-13-35 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 35. The annual operating budget of a building authority is subject to review by the county board of tax adjustment (**before January 1, 2009**) or the county board of tax and capital projects review (**after December 31, 2008**) and then by the department of local government finance as in the case of other political subdivisions.

SECTION 135. IC 36-12-14-2, AS ADDED BY P.L.199-2005, SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. An appointed library board subject to section 1 of this chapter shall submit its proposed operating budget and property tax levy for the operating budget to the following fiscal body at least fourteen (14) days before the first meeting of the county board of tax adjustment (**before January 1, 2009**) or the county board of tax and capital projects review (**after December 31, 2008**) under IC 6-1.1-29-4:

- (1) If the library district is located entirely within the corporate boundaries of a municipality, the fiscal body of the municipality.
- (2) If the library district:
 - (A) is not described by subdivision (1); and
 - (B) is located entirely within the boundaries of a township; the fiscal body of the township.

- (3) If the library district is not described by subdivision (1) or (2), the fiscal body of each county in which the library district is located.

SECTION 136. IC 21-14-2-12.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007] **Sec. 12.5. This section applies to tuition and mandatory fees that a board of trustees of a state educational institution votes to increase after June 30, 2007.**

(b) After the enactment of a state budget, the commission for higher education shall recommend nonbinding tuition and mandatory fee increase targets for each state educational institution.

(c) The state educational institution shall submit a report to the state budget committee concerning the financial and budgetary factors considered by the board of trustees in determining the amount of the increase.

(d) The state budget committee shall review the targets recommended under subsection (b) and reports received under subsection (c) and may request that a state educational institution appear at a public meeting of the state budget committee concerning the report.

SECTION 137. IC 21-14-2-12 IS REPEALED [EFFECTIVE JULY 1, 2007].

SECTION 138. IC 20-12-1-12, AS AMENDED BY HEA 1001-2007, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) This section applies notwithstanding IC 20-12-23-2, IC 20-12-36-4, IC 20-12-56-5, IC 20-12-57.5-11, and IC 20-12-64-5.

(b) As used in this section, "academic year" has the meaning set forth in IC 20-12-76-1.

(c) As used in this section, "state educational institution" has the meaning set forth in IC 20-12-0.5-1.

(d) A state educational institution shall set tuition and fee rates for a two (2) year period. The rates shall be set according to the procedure set forth in subsection (e) and:

- (1) on or before ~~June~~ **May** 30 of the odd numbered year; or
- (2) ~~sixty (60)~~ **thirty (30)** days after the state budget bill is enacted into law; whichever is later.

(e) A state educational institution shall hold a public hearing before adopting any proposed tuition and fee rate increases. The state educational institution shall give public notice of the hearing at least ten (10) days before the hearing. The public notice shall include the specific proposal for tuition and fee rate increases and the expected uses of the revenue to be raised by the proposed increases. The hearing shall be held:

- (1) on or before ~~May 31~~ **May 15** of each odd numbered year; or
- (2) ~~thirty-one (31)~~ **fifteen (15)** days after the state budget bill is enacted into law; whichever is later.

(f) After a state educational institution's tuition and fee rates are set under this section, the state educational institutions may adjust the tuition and fee rates only if appropriations to the state

educational institution in the state budget act are reduced or withheld.

(g) If a state educational institution adjusts its tuition and fee rates under subsection (f), the total revenue generated by the tuition and fee rate adjustment must not exceed the amount by which appropriations to the state educational institution in the state budget act were reduced or withheld.

(h) For tuition and fees set by a state educational institution before July 1, 2007, a state educational institution must appear before the state budget committee before June 30, 2007. The state budget committee shall review the tuition and fees proposed by the state educational institution under section 8 of this chapter.

(i) After July 1, 2007, the commission for higher education shall recommend biennially nonbinding tuition targets based on the mission of the state educational institution. The board of trustees of a state educational institution may set a tuition rate that exceeds the tuition target only if the proposed tuition rate is reviewed by both the commission for higher education and the state budget committee before the later of the following:

- (1) June 30 in the odd-numbered year.
- (2) Sixty (60) days after the state budget is adopted for the biennium beginning in the odd-numbered year.

SECTION 139. [EFFECTIVE JULY 1, 2007] IC 6-1.1-29.5, as added by this act, does not apply to any of the following:

- (1) The issuance of bonds or other obligations or the entering into a lease, if the preliminary determination to issue the bonds or other obligations or to enter into the lease is made before January 1, 2009.
- (2) The construction of a capital project, if the construction begins before January 1, 2009.
- (3) The entering into a contract for the construction of a capital project, if the contract is entered into before January 1, 2009.
- (4) The procuring of supplies necessary for construction of a capital project, if the supplies are procured or a contract for the procuring of the supplies is entered into before January 1, 2009.
- (5) The construction of a capital project, the entering into a contract for the construction of a capital project, or the procuring of supplies necessary for the construction of a capital project, if the issuance of bonds or other obligations, or the entering into a lease, to finance the capital project has been approved by the department of local government finance under IC 20-46-7 before January 1, 2009.

SECTION 140. [EFFECTIVE JULY 1, 2007] (a) Any matter pending before a county board of tax adjustment on December 31, 2008, is transferred to the county board of tax and capital projects review for that county on January 1, 2009.

(b) Any property and obligations of a county board of tax adjustment on December 31, 2008, are transferred to the county board of tax and capital projects review for that county on January 1, 2009.

(c) Each county board of tax adjustment is abolished on December 31, 2008. The term of a member serving on a county

board of tax adjustment on December 31, 2008, expires December 31, 2008.

(d) This SECTION expires January 1, 2009.

SECTION 141. [EFFECTIVE UPON PASSAGE] (a) The legislative services agency shall prepare legislation for introduction in the 2008 regular session of the general assembly to organize and correct statutes affected by this act, if necessary.

(b) This SECTION expires January 1, 2009.

SECTION 142. [EFFECTIVE UPON PASSAGE] An ordinance adopted after January 1, 2007, and before April 1, 2007, under IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7, all as in effect before amendment by this act, takes effect October 1, 2007, and not July 1, 2007.

SECTION 143. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "committee" refers to the annexation study committee established by this SECTION.

(b) The annexation study committee is established. The committee shall study:

- (1) revising the statutes concerning municipal annexation of territory. The committee's study may not include the annexation statutes in IC 36-3-2; and
- (2) whether "one and fifteen hundredths (1.15)" in STEP THREE of IC 6-1.1-18.5-3(a) and STEP THREE of IC 6-1.1-18.5-3(b) is sufficient to raise adequate property taxes for a municipality annexing territory.

(c) The committee consists of sixteen (16) members appointed as follows:

- (1) Two (2) members of the house of representatives appointed by the speaker of the house of representatives.
- (2) Two (2) members of the house of representatives appointed by the minority leader of the house of representatives.
- (3) Two (2) members of the senate appointed by the president pro tempore of the senate.
- (4) Two (2) members of the senate appointed by the minority leader of the senate.
- (5) One (1) member who is a member of the city council of a second class city or third class city appointed by the president pro tempore of the senate.
- (6) One (1) member who is a member of the city council of a second class city or third class city appointed by the speaker of the house of representatives.
- (7) One (1) member who is a member of the town council of a town that is not located in Marion County appointed by the president pro tempore of the senate.
- (8) One (1) member who is a member of a county council of a county other than Marion County appointed by the speaker of the house of representatives.
- (9) Two (2) members representing township government from a county other than Marion County. The speaker of the house of representatives and the president pro tempore of the senate shall each appoint one (1) member.
- (10) Two (2) members of the public that have experience in preparing an annexation remonstrance. The speaker of

the house of representatives and the president pro tempore of the senate shall each appoint one (1) member.

(d) Not more than one (1) member appointed under subsection (c)(9) and one (1) member appointed under subsection (c)(10) may be from the same political party.

(e) The legislative services agency shall staff the committee.

(f) The committee shall operate under the rules and procedures of the legislative council for study committees.

(g) Each member of the committee who is not a member of the general assembly is not entitled to the minimum salary per diem provided by IC 4-10-11-2.1(b). The member is, however, entitled to reimbursement for traveling expenses as provided under IC 4-13-1-4 and other expenses actually incurred in connection with the member's duties as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.

(h) Each member of the committee who is a member of the general assembly is entitled to receive the same per diem, mileage, and travel allowances paid to legislative members of interim study committees established by the legislative council. Per diem, mileage, and travel allowances paid under this subsection shall be paid from appropriations made to the legislative council or the legislative services agency.

(i) The affirmative votes of a majority of the legislator members of the committee are required for the committee to take action on any recommendation.

(j) The chairman of the legislative council shall appoint a member of the committee to serve as chairperson.

(k) The committee shall prepare and submit a written report of the committee's findings in an electronic format under IC 5-14-6 to the legislative council not later than November 1, 2007.

(l) This SECTION expires November 2, 2007.

SECTION 144. [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: (a) Notwithstanding the provisions in IC 6-1.1-20.4-4 specifying that an ordinance or a resolution must be adopted before December 31 for homestead credits to be provided under IC 6-1.1-20.4 in the following year, a political subdivision may adopt an ordinance or a resolution after December 31, 2006, and before June 1, 2007, to provide for the use of revenue for the purpose of providing a homestead credit under IC 6-1.1-20.4 in 2007.

(b) If a political subdivision adopts an ordinance or a resolution described in subsection (a):

(1) the local homestead credit under IC 6-1.1-20.4 shall be applied in the political subdivision in 2007; and

(2) the department of local government finance may take any action necessary to apply the local homestead credit in the political subdivision in 2007.

(c) This SECTION expires December 31, 2008.

SECTION 145. [EFFECTIVE UPON PASSAGE] Notwithstanding the provisions in IC 6-3.5-6, before amendment by this act, specifying that an ordinance establishing or increasing the rate of a county option income tax

in 2007 must be adopted before April 1, 2007, an ordinance adopted in 2007 to establish an additional rate under IC 6-3.5-6-33, as added by this act, may be adopted before June 1, 2007. An ordinance adopted under this SECTION is effective on the later of the following:

(1) July 1, 2007.

(2) Fifteen (15) regular business days after the department of state revenue receives a certified copy of the ordinance from the county auditor.

SECTION 146. [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: An ordinance adopted by the fiscal body for Howard County that:

(1) was adopted before April 29, 2007; and

(2) would have been in compliance with IC 6-3.5-6-28, as amended by this act, if this act had been enacted before the ordinance was adopted;

is legalized and validated to the same extent as if this act had been enacted before the ordinance was adopted.

SECTION 147. [EFFECTIVE JULY 1, 2007] IC 6-1.1-12-37, as amended by this act, applies to property taxes first due and payable after December 31, 2007.

SECTION 148. An emergency is declared for this act.

(Reference is to EHB 1478 as reprinted April 11, 2007.)

Kuzman, Chair

Kenley

Crawford

Broden

House Conferees

Senate Conferees

Roll Call 552: yeas 47, nays 3. Report adopted.

CONFERENCE COMMITTEE REPORT

EHB 1678-1

Madam President: Your Conference Committee appointed to confer with a like committee from the House upon Engrossed Senate Amendments to Engrossed House Bill 1678 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning health and to make an appropriation.

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 4-22-2-37.1, AS AMENDED BY P.L.47-2006, SECTION 2, AS AMENDED BY P.L.91-2006, SECTION 2, AND AS AMENDED BY P.L.123-2006, SECTION 12, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 37.1. (a) This section applies to a rulemaking action resulting in any of the following rules:

(1) An order adopted by the commissioner of the Indiana department of transportation under IC 9-20-1-3(d) or IC 9-21-4-7(a) and designated by the commissioner as an

emergency rule.

(2) An action taken by the director of the department of natural resources under IC 14-22-2-6(d) or IC 14-22-6-13.

(3) An emergency temporary standard adopted by the occupational safety standards commission under IC 22-8-1.1-16.1.

(4) An emergency rule adopted by the solid waste management board under IC 13-22-2-3 and classifying a waste as hazardous.

(5) A rule, other than a rule described in subdivision (6), adopted by the department of financial institutions under IC 24-4.5-6-107 and declared necessary to meet an emergency.

(6) A rule required under IC 24-4.5-1-106 that is adopted by the department of financial institutions and declared necessary to meet an emergency under IC 24-4.5-6-107.

(7) A rule adopted by the Indiana utility regulatory commission to address an emergency under IC 8-1-2-113.

(8) An emergency rule adopted by the state lottery commission under IC 4-30-3-9.

(9) A rule adopted under IC 16-19-3-5 that the executive board of the state department of health declares is necessary to meet an emergency.

(10) An emergency rule adopted by the Indiana finance authority under IC 8-21-12.

(11) An emergency rule adopted by the insurance commissioner under IC 27-1-23-7.

(12) An emergency rule adopted by the Indiana horse racing commission under IC 4-31-3-9.

(13) An emergency rule adopted by the air pollution control board, the solid waste management board, or the water pollution control board under IC 13-15-4-10(4) or to comply with a deadline required by federal law, provided:

(A) the variance procedures are included in the rules; and

(B) permits or licenses granted during the period the emergency rule is in effect are reviewed after the emergency rule expires.

(14) An emergency rule adopted by the Indiana election commission under IC 3-6-4.1-14.

(15) An emergency rule adopted by the department of natural resources under IC 14-10-2-5.

(16) An emergency rule adopted by the Indiana gaming commission under IC 4-32.2-3-3(b), IC 4-33-4-2, IC 4-33-4-3, or IC 4-33-4-14.

(17) An emergency rule adopted by the alcohol and tobacco commission under IC 7.1-3-17.5, IC 7.1-3-17.7, or IC 7.1-3-20-24.4.

(18) An emergency rule adopted by the department of financial institutions under IC 28-15-11.

(19) An emergency rule adopted by the office of the secretary of family and social services under IC 12-8-1-12.

(20) An emergency rule adopted by the office of the children's health insurance program under IC 12-17.6-2-11.

(21) An emergency rule adopted by the office of Medicaid policy and planning under IC 12-15-41-15 **or IC 12-15-44-19(b)**.

(22) An emergency rule adopted by the Indiana state board of animal health under IC 15-2.1-18-21.

(23) An emergency rule adopted by the board of directors of the Indiana education savings authority under IC 21-9-4-7.

(24) An emergency rule adopted by the Indiana board of tax review under IC 6-1.1-4-34 **(repealed)**.

(25) An emergency rule adopted by the department of local government finance under IC 6-1.1-4-33 **(repealed)**.

(26) An emergency rule adopted by the boiler and pressure vessel rules board under IC 22-13-2-8(c).

(27) An emergency rule adopted by the Indiana board of tax review under IC 6-1.1-4-37(l) **(repealed)** or an emergency rule adopted by the department of local government finance under IC 6-1.1-4-36(j) **(repealed)** or IC 6-1.1-22.5-20.

(28) An emergency rule adopted by the board of the Indiana economic development corporation under IC 5-28-5-8.

(29) A rule adopted by the department of financial institutions under IC 34-55-10-2.5.

(30) *A rule adopted by the Indiana finance authority:*

(A) *under IC 8-15.5-7 approving user fees (as defined in IC 8-15.5-2-10) provided for in a public-private agreement under IC 8-15.5;*

(B) *under IC 8-15-2-17.2(a)(10):*

(i) *establishing enforcement procedures; and*

(ii) *making assessments for failure to pay required tolls;*

(C) *under IC 8-15-2-14(a)(3) authorizing the use of and establishing procedures for the implementation of the collection of user fees by electronic or other nonmanual means; or*

(D) *to make other changes to existing rules related to a toll road project to accommodate the provisions of a public-private agreement under IC 8-15.5.*

(b) The following do not apply to rules described in subsection (a):

(1) Sections 24 through 36 of this chapter.

(2) IC 13-14-9.

(c) After a rule described in subsection (a) has been adopted by the agency, the agency shall submit the rule to the publisher for the assignment of a document control number. The agency shall submit the rule in the form required by section 20 of this chapter and with the documents required by section 21 of this chapter. The publisher shall determine the *number of copies format* of the rule and other documents to be submitted under this subsection.

(d) After the document control number has been assigned, the agency shall submit the rule to the *secretary of state publisher* for filing. The agency shall submit the rule in the form required by section 20 of this chapter and with the documents required by section 21 of this chapter. The *secretary of state publisher* shall determine the *number of copies format* of the rule and other documents to be submitted under this subsection.

(e) Subject to section 39 of this chapter, the *secretary of state publisher* shall:

- (1) accept the rule for filing; and
- (2) *file stamp and indicate electronically record* the date and time that the rule is accepted. ~~on every duplicate original copy submitted.~~

(f) A rule described in subsection (a) takes effect on the latest of the following dates:

- (1) The effective date of the statute delegating authority to the agency to adopt the rule.
- (2) The date and time that the rule is accepted for filing under subsection (e).
- (3) The effective date stated by the adopting agency in the rule.
- (4) The date of compliance with every requirement established by law as a prerequisite to the adoption or effectiveness of the rule.

(g) Subject to subsection (h), IC 14-10-2-5, IC 14-22-2-6, IC 22-8-1.1-16.1, and IC 22-13-2-8(c), and except as provided in subsections (j), ~~and~~ (k), and (l), a rule adopted under this section expires not later than ninety (90) days after the rule is accepted for filing under subsection (e). Except for a rule adopted under subsection (a)(13), (a)(24), (a)(25), or (a)(27), the rule may be extended by adopting another rule under this section, but only for one (1) extension period. The extension period for a rule adopted under subsection (a)(28) may not exceed the period for which the original rule was in effect. A rule adopted under subsection (a)(13) may be extended for two (2) extension periods. Subject to subsection (j), a rule adopted under subsection (a)(24), (a)(25), or (a)(27) may be extended for an unlimited number of extension periods. Except for a rule adopted under subsection (a)(13), for a rule adopted under this section to be effective after one (1) extension period, the rule must be adopted under:

- (1) sections 24 through 36 of this chapter; or
- (2) IC 13-14-9;

as applicable.

(h) A rule described in subsection (a)(6), (a)(8), (a)(12), or (a)(29) expires on the earlier of the following dates:

- (1) The expiration date stated by the adopting agency in the rule.
- (2) The date that the rule is amended or repealed by a later rule adopted under sections 24 through 36 of this chapter or this section.

(i) This section may not be used to readopt a rule under IC 4-22-2.5.

(j) A rule described in subsection (a)(24) or (a)(25) expires not later than January 1, 2006.

(k) A rule described in subsection (a)(28) expires on the expiration date stated by the board of the Indiana economic development corporation in the rule.

(l) *A rule described in subsection (a)(30) expires on the expiration date stated by the Indiana finance authority in the rule.*

SECTION 2. IC 6-7-1-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. (a) The

following taxes are imposed, and shall be collected and paid as provided in this chapter, upon the sale, exchange, bartering, furnishing, giving away, or otherwise disposing of cigarettes within the state of Indiana:

(1) On cigarettes weighing not more than three (3) pounds per thousand (1,000), a tax at the rate of ~~two four and seven nine~~ hundred seventy-five thousandths ~~of a cent (\$0.02775) cents~~ **(\$0.04975)** per individual cigarette.

(2) On cigarettes weighing more than three (3) pounds per thousand (1,000), a tax at the rate of ~~three six and six thousand eight hundred eighty-one twelve ten-thousandths of a cent (\$0.036881) thousandths cents~~ **(\$0.06612)** per individual cigarette, except that if any cigarettes weighing more than three (3) pounds per thousand (1,000) shall be more than six and one-half (6 1/2) inches in length, they shall be taxable at the rate provided in subdivision (1), counting each two and three-fourths (2 3/4) inches (or fraction thereof) as a separate cigarette.

(b) Upon all cigarette papers, wrappers, or tubes, made or prepared for the purpose of making cigarettes, which are sold, exchanged, bartered, given away, or otherwise disposed of within the state of Indiana (other than to a manufacturer of cigarettes for use by him in the manufacture of cigarettes), the following taxes are imposed, and shall be collected and paid as provided in this chapter:

(1) On fifty (50) papers or less, a tax of one-half cent (\$0.005).

(2) On more than fifty (50) papers but not more than one hundred (100) papers, a tax of one cent (\$0.01).

(3) On more than one hundred (100) papers, one-half cent (\$0.005) for each fifty (50) papers or fractional part thereof.

(4) On tubes, one cent (\$0.01) for each fifty (50) tubes or fractional part thereof.

SECTION 3. IC 6-7-1-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 17. (a) Distributors who hold certificates and retailers shall be agents of the state in the collection of the taxes imposed by this chapter and the amount of the tax levied, assessed, and imposed by this chapter on cigarettes sold, exchanged, bartered, furnished, given away, or otherwise disposed of by distributors or to retailers. Distributors who hold certificates shall be agents of the department to affix the required stamps and shall be entitled to purchase the stamps from the department at a discount of ~~one and two-tenths percent (1.2%) of the amount of the tax stamps purchased; one and two-tenths cents (\$0.012) per individual package of cigarettes~~ as compensation for their labor and expense.

(b) The department may permit distributors who hold certificates and who are admitted to do business in Indiana to pay for revenue stamps within thirty (30) days after the date of purchase. However, the privilege is extended upon the express condition that:

(1) except as provided in subsection (c), a bond or letter of credit satisfactory to the department, in an amount not less than the sales price of the stamps, is filed with the department; and

(2) proof of payment is made of all local property, state income, and excise taxes for which any such distributor may be liable. The bond or letter of credit, conditioned to secure payment for the stamps, shall be executed by the distributor as principal and by a corporation duly authorized to engage in business as a surety company or financial institution in Indiana.

(c) If a distributor has at least five (5) consecutive years of good credit standing with the state, the distributor shall not be required to post a bond or letter of credit under subsection (b).

SECTION 4. IC 6-7-1-28.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE AUGUST 1, 2007]: Sec. 28.1. The taxes, registration fees, fines, or penalties collected under this chapter shall be deposited in the following manner:

(1) ~~Six Four and six-tenths twenty-two hundredths percent (6.6%)~~ **(4.22%)** of the money shall be deposited in a fund to be known as the cigarette tax fund.

(2) ~~Ninety-four hundredths Six-tenths percent (0.94%)~~ **(0.6%)** of the money shall be deposited in a fund to be known as the mental health centers fund.

(3) ~~Eighty-three Fifty-three and ninety-seven sixty-eight hundredths percent (83.97%)~~ **(53.68%)** of the money shall be deposited in the state general fund.

(4) ~~Eight Five and forty-nine forty-three hundredths percent (8.49%)~~ **(5.43%)** of the money shall be deposited into the pension relief fund established in IC 5-10.3-11.

(5) **Twenty-seven and five hundredths percent (27.05%)** of the money shall be deposited in the **Indiana check-up plan trust fund established by IC 12-15-44-17.**

(6) **Two and forty-six hundredths percent (2.46%)** of the money shall be deposited in the state general fund for the purpose of paying appropriations for Medicaid—Current Obligations, for provider reimbursements.

(7) **Four and one-tenth percent (4.1%)** of the money shall be deposited in the state general fund for the purpose of paying any appropriation for a health initiative.

(8) **Two and forty-six hundredths percent (2.46%)** of the money shall be deposited in the state general fund for the purpose of reimbursing the state general fund for a tax credit provided under IC 6-3.1-31.

The money in the cigarette tax fund, the mental health centers fund, **the Indiana check-up plan trust fund**, or the pension relief fund at the end of a fiscal year does not revert to the state general fund. However, if in any fiscal year, the amount allocated to a fund under subdivision (1) or (2) is less than the amount received in fiscal year 1977, then that fund shall be credited with the difference between the amount allocated and the amount received in fiscal year 1977, and the allocation for the fiscal year to the fund under subdivision (3) shall be reduced by the amount of that difference. **Money deposited under subdivisions (6) through (8) may not be used for any purpose other than the purpose stated in the subdivision.**

SECTION 5. IC 6-3.1-31 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]:

Chapter 31. Credit for Offering Health Benefit Plans

Sec. 1. This chapter applies to an employer that does not offer coverage for health care services under a self-funded health benefit plan that complies with the federal Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.).

Sec. 2. As used in this chapter, "eligible taxpayer" means a taxpayer that did not provide health insurance to the taxpayer's employees in the taxable year immediately preceding the first taxable year for which the taxpayer claims a credit under this chapter.

Sec. 3. As used in this chapter, "full-time employee" means an employee who is normally scheduled to work at least thirty (30) hours each week.

Sec. 4. (a) As used in this chapter, "health benefit plan" means coverage for health care services provided under:

(1) an insurance policy that provides one (1) or more of the types of insurance described in Class 1(b) or Class 2(a) of IC 27-1-5-1; or

(2) a contract with a health maintenance organization for coverage of basic health care services under IC 27-13; that satisfies the requirements of Section 125 of the Internal Revenue Code.

(b) The term does not include the following:

(1) Accident only, credit, dental, vision, Medicare supplement, long term care, or disability income insurance.

(2) Coverage issued as a supplement to liability insurance.

(3) Automobile medical payment insurance.

(4) A specified disease policy issued as an individual policy.

(5) A limited benefit health insurance policy issued as an individual policy.

(6) A short term insurance plan that:

(A) may not be renewed; and

(B) has a duration of not more than six (6) months.

(7) A policy that provides a stipulated daily, weekly, or monthly payment to an insured during hospital confinement, without regard to the actual expense of the confinement.

(8) Worker's compensation or similar insurance.

(9) A student health insurance policy.

Sec. 5. As used in this chapter, "pass through entity" means a:

(1) corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);

(2) partnership;

(3) limited liability company; or

(4) limited liability partnership.

Sec. 6. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

(1) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);

(2) IC 6-5.5 (financial institutions tax); and

(3) IC 27-1-18-2 (insurance premiums tax);

as computed after the application of the credits that under

IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 7. As used in this chapter, "taxpayer" means an individual or entity that has state tax liability.

Sec. 8. (a) An eligible taxpayer that, after December 31, 2006, makes health insurance available to the eligible taxpayer's employees and their dependents through at least one (1) health benefit plan is entitled to a credit against the taxpayer's state tax liability for the first two (2) taxable years in which the taxpayer makes the health benefit plan available if the following requirements are met:

(1) An employee's participation in the health benefit plan is at the employee's election.

(2) If an employee chooses to participate in the health benefit plan, the employee may pay the employee's share of the cost of the plan using a wage assignment authorized under IC 22-2-6-2.

(b) The credit allowed in each of the first two (2) taxable years described in subsection (a) equals the lesser of:

(1) two thousand five hundred dollars (\$2,500); or

(2) fifty dollars (\$50) multiplied by the number of employees enrolled in the health benefit plan during the taxable year.

Sec. 9. (a) An employer may pay or provide reimbursement for all or part of the cost of a health benefit plan made available under section 8 of this chapter.

(b) An employer that pays or provides reimbursement under subsection (a) shall pay or provide reimbursement on an equal basis for all full-time employees who elect to participate in the health benefit plan.

Sec. 10. (a) If the amount determined under section 8 of this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess over to the following taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year. A taxpayer is not entitled to a carryback.

(b) A taxpayer is not entitled to a refund of any unused credit.

Sec. 11. If a pass through entity does not have state income tax liability against which the tax credit may be applied, a shareholder or partner of the pass through entity is entitled to a tax credit equal to:

(1) the tax credit determined for the pass through entity for the taxable year; multiplied by

(2) the percentage of the pass through entity's distributive income to which the shareholder or partner is entitled.

Sec. 12. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's state tax return or returns in the manner prescribed by the department. The taxpayer must submit to the department all information that the department determines is necessary to calculate the credit provided by this chapter and to determine the taxpayer's

eligibility for the credit.

Sec. 13. (a) A taxpayer claiming a credit under this chapter shall continue to make health insurance available to the taxpayer's employees through a health benefit plan for at least twenty-four (24) consecutive months beginning on the day after the last day of the taxable year in which the taxpayer first offers the health benefit plan.

(b) If the taxpayer terminates the health benefit plan before the expiration of the period required under subsection (a), the taxpayer shall repay the department the amount of the credit received under section 8 of this chapter.

SECTION 6. IC 6-3.1-31.2 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007](RETROACTIVE):

Chapter 31.2. Small Employer Qualified Wellness Program Tax Credit

Sec. 1. As used in this chapter, "pass through entity" means:

(1) a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);

(2) a partnership;

(3) a limited liability company; or

(4) a limited liability partnership.

Sec. 2. As used in this chapter, "qualified wellness program" means a wellness program that is certified by the state department of health under IC 16-46-13.

Sec. 3. (a) As used in this chapter, "small employer" means an employer that:

(1) is actively engaged in business;

(2) on at least fifty percent (50%) of the working days of the employer during the preceding calendar year, employed at least two (2) but not more than one hundred (100) eligible employees, the majority of whom work in Indiana.

(b) In determining the number of eligible employees for purposes of subsection (a), employers that are affiliated employers or that are eligible to file a combined tax return for purposes of state taxation are considered one (1) employer.

Sec. 4. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

(1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

(2) IC 6-5.5 (the financial institutions tax); and

(3) IC 27-1-18-2 (the insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 5. As used in this chapter, "taxpayer" means a small employer that has any state tax liability.

Sec. 6. A taxpayer is entitled to a credit against the taxpayer's state tax liability for a taxable year in an amount equal to fifty percent (50%) of the costs incurred by the taxpayer during the taxable year for providing a qualified wellness program for the taxpayer's employees during the taxable year.

Sec. 7. If a pass through entity is entitled to a credit under section 6 of this chapter but does not have state tax liability against which the tax credit may be applied, a shareholder, partner, or member of the pass through entity is entitled to a tax credit equal to:

- (1) the tax credit determined for the pass through entity for the taxable year; multiplied by
- (2) the percentage of the pass through entity's distributive income to which the shareholder, partner, or member is entitled.

Sec. 8. (a) If the credit provided by this chapter exceeds the taxpayer's state tax liability for the taxable year for which the credit is first claimed, the excess may be carried forward to succeeding taxable years and used as a credit against the taxpayer's state tax liability during those taxable years. Each time that the credit is carried forward to a succeeding taxable year, the credit is to be reduced by the amount that was used as a credit during the immediately preceding taxable year.

(b) A taxpayer is not entitled to any carryback or refund of any unused credit.

Sec. 9. To receive the credit provided by this chapter, a taxpayer must:

- (1) submit to the department with the taxpayer's state tax return or returns a copy of the certificate received from the state department of health under IC 16-46-13; and
- (2) claim the credit on the taxpayer's state tax return or returns in the manner prescribed by the department.

The taxpayer shall submit to the department all information that the department determines is necessary for the calculation of the credit provided by this chapter.

Sec. 10. Beginning in 2009, the department shall, not later than December 31 of each odd-numbered year, report to the legislative council in an electronic format under IC 5-14-6 concerning use of the credit provided by this chapter. A report required by this section must include:

- (1) the number of taxpayers claiming and receiving the credit;
- (2) any reports of abuse of the credit; and
- (3) other information the department considers necessary concerning the use and effectiveness of the credit;

during the preceding reporting period.

SECTION 7. IC 12-7-2-140.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 140.5. "Plan", for purposes of IC 12-15-44, has the meaning set forth in IC 12-15-44-1.

SECTION 8. IC 12-7-2-144.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 144.3. "Preventative care services", for purposes of IC 12-15-44, has the meaning set forth in IC 12-15-44-2.

SECTION 9. IC 12-15-2-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13. (a) A pregnant woman:

- (1) who is not described in 42 U.S.C. 1396a(a)(10)(A)(i); and
- (2) whose family income does not exceed the income level

established in subsection (b);
is eligible to receive Medicaid.

(b) A pregnant woman described in this section is eligible to receive Medicaid, subject to subsections (c) and (d) and 42 U.S.C. 1396a et seq., if her family income does not exceed ~~one~~ **two** hundred ~~fifty percent~~ **(200%)** of the federal income poverty level for the same size family.

(c) Medicaid made available to a pregnant woman described in this section is limited to medical assistance for services related to pregnancy, including prenatal, delivery, and postpartum services, and to other conditions that may complicate pregnancy.

(d) Medicaid is available to a pregnant woman described in this section for the duration of the pregnancy and for the sixty (60) day postpartum period that begins on the last day of the pregnancy, without regard to any change in income of the family of which she is a member during that time.

(e) The office may apply a resource standard in determining the eligibility of a pregnant woman described in this section.

SECTION 10. IC 12-15-2-15.8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15.8. After an individual who is less than three (3) years of age is determined to be eligible for Medicaid under section 14 of this chapter, the individual is not required to submit eligibility information more frequently than once in a twelve (12) month period until the child becomes three (3) years of age.

SECTION 11. IC 12-15-15-1.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1.1. (a) This section applies to a hospital that is:

- (1) licensed under IC 16-21; and
- (2) established and operated under IC 16-22-2, IC 16-22-8, or IC 16-23.

(b) For a state fiscal year ending after June 30, 2003, in addition to reimbursement received under section 1 of this chapter, a hospital is entitled to reimbursement in an amount calculated as follows:

STEP ONE: The office shall identify the aggregate inpatient hospital services, reimbursable under this article and under the state Medicaid plan, that were provided during the state fiscal year by hospitals established and operated under IC 16-22-2, IC 16-22-8, or IC 16-23.

STEP TWO: For the aggregate inpatient hospital services identified under STEP ONE, the office shall calculate the aggregate payments made under this article and under the state Medicaid plan to hospitals established and operated under IC 16-22-2, IC 16-22-8, or IC 16-23, excluding payments under IC 12-15-16, IC 12-15-17, and IC 12-15-19.

STEP THREE: The office shall calculate a reasonable estimate of the amount that would have been paid in the aggregate by the office for the inpatient hospital services described in STEP ONE under Medicare payment principles.

STEP FOUR: Subtract the amount calculated under STEP TWO from the amount calculated under STEP THREE.

STEP FIVE: Subject to subsection (g), from the amount calculated under STEP FOUR, allocate to a hospital

established and operated under IC 16-22-8 an amount ~~equal to not to exceed~~ one hundred percent (100%) of the difference between:

- (A) the total cost for the hospital's provision of inpatient services covered under this article for the hospital's fiscal year ending during the state fiscal year; and
- (B) the total payment to the hospital for its provision of inpatient services covered under this article for the hospital's fiscal year ending during the state fiscal year, excluding payments under IC 12-15-16, IC 12-15-17, and IC 12-15-19.

STEP SIX: Subtract the amount calculated under STEP FIVE from the amount calculated under STEP FOUR.

STEP SEVEN: Distribute an amount equal to the amount calculated under STEP SIX to the eligible hospitals established and operated under IC 16-22-2 or IC 16-23 described in subsection (c) in ~~proportion to an amount not to exceed~~ each hospital's Medicaid shortfall as defined in subsection (f).

(c) Subject to subsection (e), reimbursement for a state fiscal year under this section consists of payments made after the close of each state fiscal year. ~~Payment for a state fiscal year ending after June 30, 2003, shall be made before December 31 following the state fiscal year's end.~~ A hospital is not eligible for a payment described in this subsection unless an intergovernmental transfer ~~or certification of expenditures~~ is made under subsection (d).

(d) Subject to subsection (e):

- (1) ~~a hospital may make an intergovernmental transfer under this subsection, or an intergovernmental transfer may be made by or on behalf of the hospital; or~~
- (2) ~~a certification of expenditures as eligible for federal financial participation may be made;~~

after the close of each state fiscal year. An intergovernmental transfer under this subsection must be made to the Medicaid indigent care trust fund in an amount equal to a percentage, as determined by the office, of the amount to be distributed to the hospital under ~~STEP SEVEN of subsection (b): In determining the percentage, the office shall apply the same percentage of not more than eighty-five percent (85%) to all hospitals eligible for reimbursement under STEP SEVEN of subsection (b): this section.~~ The office shall use the intergovernmental transfer to fund payments made under this section. ~~and as otherwise provided under IC 12-15-20-2(8).~~

(e) A hospital ~~making that makes a certification of expenditures or makes or has~~ an intergovernmental transfer ~~made on the hospital's behalf under subsection (d) this section~~ may appeal under IC 4-21.5 the amount determined by the office to be paid the hospital under ~~STEP SEVEN of subsection (b).~~ The periods described in subsections (c) and (d) for the hospital ~~or another entity~~ to make an intergovernmental transfer ~~or certification of expenditures~~ are tolled pending the administrative appeal and any judicial review initiated by the hospital under IC 4-21.5. The distribution to other hospitals under ~~STEP SEVEN of subsection (b)~~ may not be delayed due to an administrative

appeal or judicial review instituted by a hospital under this subsection. If necessary, the office may make a partial distribution to the other eligible hospitals under ~~STEP SEVEN of subsection (b)~~ pending the completion of a hospital's administrative appeal or judicial review, at which time the remaining portion of the payments due to the eligible hospitals shall be made. A partial distribution may be based upon estimates and trends calculated by the office.

(f) For purposes of this section:

(1) the Medicaid shortfall of a hospital established and operated under IC 16-22-2 or IC 16-23 is calculated as follows:

STEP ONE: The office shall identify the inpatient hospital services, reimbursable under this article and under the state Medicaid plan, that were provided during the state fiscal year by the hospital.

STEP TWO: For the inpatient hospital services identified under STEP ONE, the office shall calculate the payments made under this article and under the state Medicaid plan to the hospital, excluding payments under IC 12-15-16, IC 12-15-17, and IC 12-15-19.

STEP THREE: The office shall calculate a reasonable estimate of the amount that would have been paid by the office for the inpatient hospital services described in STEP ONE under Medicare payment principles; and

(2) a hospital's Medicaid shortfall is equal to the amount by which the amount calculated in STEP THREE of subdivision (1) is greater than the amount calculated in STEP TWO of subdivision (1).

(g) The actual distribution of the amount calculated under STEP FIVE of subsection (b) to a hospital established and operated under IC 16-22-8 shall be made under the terms and conditions provided for the hospital in the state plan for medical assistance. Payment to a hospital under STEP FIVE of subsection (b) is not a condition precedent to the tender of payments to hospitals under STEP SEVEN of subsection (b).

SECTION 12. IC 12-15-15-1.3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1.3. (a) This section applies to a hospital that is:

- (1) licensed under IC 16-21; and
- (2) established and operated under IC 16-22-2, IC 16-22-8, or IC 16-23.

(b) For a state fiscal year ending after June 30, 2003, in addition to reimbursement received under section 1 of this chapter, a hospital is entitled to reimbursement in an amount calculated as follows:

STEP ONE: The office shall identify the aggregate outpatient hospital services, reimbursable under this article and under the state Medicaid plan, that were provided during the state fiscal year by hospitals established and operated under IC 16-22-2, IC 16-22-8, or IC 16-23.

STEP TWO: For the aggregate outpatient hospital services identified under STEP ONE, the office shall calculate the aggregate payments made under this article and under the state Medicaid plan to hospitals established and operated under IC 16-22-2, IC 16-22-8, or IC 16-23, excluding

payments under IC 12-15-16, IC 12-15-17, and IC 12-15-19. STEP THREE: The office shall calculate a reasonable estimate of the amount that would have been paid in the aggregate by the office under Medicare payment principles for the outpatient hospital services described in STEP ONE.

STEP FOUR: Subtract the amount calculated under STEP TWO from the amount calculated under STEP THREE.

STEP FIVE: Subject to subsection (g), from the amount calculated under STEP FOUR, allocate to a hospital established and operated under IC 16-22-8 an amount ~~equal to~~ **to not to exceed** one hundred percent (100%) of the difference between:

(A) the total cost for the hospital's provision of outpatient services covered under this article for the hospital's fiscal year ending during the state fiscal year; and

(B) the total payment to the hospital for its provision of outpatient services covered under this article for the hospital's fiscal year ending during the state fiscal year, excluding payments under IC 12-15-16, IC 12-15-17, and IC 12-15-19.

STEP SIX: Subtract the amount calculated under STEP FIVE from the amount calculated under STEP FOUR.

STEP SEVEN: Distribute an amount equal to the amount calculated under STEP SIX to the eligible hospitals established and operated under IC 16-22-2 or IC 16-23 described in subsection (c) in ~~proportion to an amount not to exceed~~ each hospital's Medicaid shortfall as defined in subsection (f).

~~(c) Subject to subsection (e), the reimbursement for a state fiscal year under this section consists of payments made before December 31 following the end of the state fiscal year.~~ A hospital is not eligible for a payment described in this ~~subsection~~ **section** unless:

- (1) an intergovernmental transfer is made ~~under subsection (d)~~ **by the hospital or on behalf of the hospital; or**
- (2) **the hospital or another entity certifies the hospital's expenditures as eligible for federal financial participation.**

(d) Subject to subsection (e):

- (1) ~~a hospital may make an intergovernmental transfer under this subsection; or an intergovernmental transfer may be made by or on behalf of the hospital; or~~
- (2) **a certification of expenditures as eligible for federal financial participation may be made;**

after the close of each state fiscal year. An intergovernmental transfer under this subsection must be made to the Medicaid indigent care trust fund in an amount equal to a percentage, as determined by the office, of the amount to be distributed to the hospital under ~~STEP SEVEN of subsection (b).~~ ~~In determining the percentage, the office shall apply the same percentage of not more than eighty-five percent (85%) to all hospitals eligible for reimbursement under STEP SEVEN of subsection (b).~~ The office shall use the intergovernmental transfer to fund payments made under this section. ~~and as otherwise provided under IC 12-15-20-2(8).~~

(e) A hospital ~~making that makes a certification of expenditures or makes or has~~ an intergovernmental transfer ~~made on the hospital's behalf~~ under ~~subsection (d)~~ **this section** may appeal under IC 4-21.5 the amount determined by the office to be paid by the hospital under ~~STEP SEVEN of subsection (b).~~ The periods described in subsections (c) and (d) for the hospital **or other entity** to make an intergovernmental transfer **or certification of expenditures** are tolled pending the administrative appeal and any judicial review initiated by the hospital under IC 4-21.5. The distribution to other hospitals under ~~STEP SEVEN of subsection (b)~~ may not be delayed due to an administrative appeal or judicial review instituted by a hospital under this subsection. If necessary, the office may make a partial distribution to the other eligible hospitals under ~~STEP SEVEN of subsection (b)~~ pending the completion of a hospital's administrative appeal or judicial review, at which time the remaining portion of the payments due to the eligible hospitals must be made. A partial distribution may be calculated by the office based upon estimates and trends.

(f) For purposes of this section:

- (1) the Medicaid shortfall of a hospital established and operated under IC 16-22-2 or IC 16-23 is calculated as follows:

STEP ONE: The office shall identify the outpatient hospital services, reimbursable under this article and under the state Medicaid plan, that were provided during the state fiscal year by the hospital.

STEP TWO: For the outpatient hospital services identified under STEP ONE, the office shall calculate the payments made under this article and under the state Medicaid plan to the hospital, excluding payments under IC 12-15-16, IC 12-15-17, and IC 12-15-19.

STEP THREE: The office shall calculate a reasonable estimate of the amount that would have been paid by the office for the outpatient hospital services described in STEP ONE under Medicare payment principles; and

- (2) a hospital's Medicaid shortfall is equal to the amount by which the amount calculated in STEP THREE of subdivision (1) is greater than the amount calculated in STEP TWO of subdivision (1).

(g) The actual distribution of the amount calculated under STEP FIVE of subsection (b) to a hospital established and operated under IC 16-22-8 shall be made under the terms and conditions provided for the hospital in the state plan for medical assistance. Payment to a hospital under STEP FIVE of subsection (b) is not a condition precedent to the tender of payments to hospitals under STEP SEVEN of subsection (b).

SECTION 13. IC 12-15-15-1.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1.5. (a) This section applies to a hospital that:

- (1) is licensed under IC 16-21;
- (2) is not a unit of state or local government; and
- (3) is not owned or operated by a unit of state or local government.

(b) For a state fiscal year ending after June 30, 2003, **and before July 1, 2007**, in addition to reimbursement received under section 1 of this chapter, a hospital eligible under this section is entitled to reimbursement in an amount calculated as follows:

STEP ONE: The office shall identify the total inpatient hospital services and the total outpatient hospital services, reimbursable under this article and under the state Medicaid plan, that were provided during the state fiscal year by the hospitals described in subsection (a).

STEP TWO: For the total inpatient hospital services and the total outpatient hospital services identified under STEP ONE, the office shall calculate the aggregate payments made under this article and under the state Medicaid plan to hospitals described in subsection (a), excluding payments under IC 12-15-16, IC 12-15-17, and IC 12-15-19.

STEP THREE: The office shall calculate a reasonable estimate of the amount that would have been paid in the aggregate by the office for the inpatient hospital services and the outpatient hospital services identified in STEP ONE under Medicare payment principles.

STEP FOUR: Subtract the amount calculated under STEP TWO from the amount calculated under STEP THREE.

STEP FIVE: Distribute an amount equal to the amount calculated under STEP FOUR to the eligible hospitals described in subsection (a) as follows:

(A) Subject to the availability of funds under IC 12-15-20-2(8)(D) to serve as the non-federal share of such payment, the first ten million dollars (\$10,000,000) of the amount calculated under STEP FOUR for a state fiscal year shall be paid to a hospital described in subsection (a) that has more than ~~seventy~~ **sixty** thousand ~~(70,000)~~ **(60,000)** Medicaid inpatient days.

(B) Following the payment to the hospital under clause (A) and subject to the availability of funds under IC 12-15-20-2(8)(D) to serve as the non-federal share of such payments, the remaining amount calculated under STEP FOUR for a state fiscal year shall be paid to all hospitals described in subsection (a). The payments shall be made on a pro rata basis based on the hospitals' Medicaid inpatient days or other payment methodology approved by the Centers for Medicare and Medicaid Services. **For purposes of this clause, a hospital's Medicaid inpatient days are the hospital's in-state and paid Medicaid fee for service and managed care days for the state fiscal year for which services are identified under STEP ONE, as determined by the office.**

(C) Subject to IC 12-15-20.7, in the event the entirety of the amount calculated under STEP FOUR is not distributed following the payments made under clauses (A) and (B), the remaining amount may be paid to hospitals described in subsection (a) that are eligible under this clause. A hospital is eligible for a payment under this clause only if the non-federal share of the hospital's

payment is provided by or on behalf of the hospital. The remaining amount shall be paid to those eligible hospitals:

(i) on a pro rata basis in relation to all hospitals eligible under this clause based on the hospitals' Medicaid inpatient days; or

(ii) other payment methodology **determined by the office and** approved by the Centers for Medicare and Medicaid Services.

~~(D) For purposes of the clauses (A), (B) and (C), a hospital's Medicaid inpatient days are based on the Medicaid inpatient days allowed for the hospital by the office for purposes of the office's most recent determination of eligibility for the Medicaid disproportionate payment program under IC 12-15-16.~~

(c) Reimbursement for a state fiscal year under this section consists of payments made after the close of each state fiscal year. Payment for a state fiscal year ending after June 30, 2003, shall be made before December 31 following the end of the state fiscal year. **As used in this subsection, "Medicaid supplemental payments" means Medicaid payments for hospitals that are in addition to Medicaid fee-for-service payments, Medicaid risk-based managed care payments, and Medicaid disproportionate share payments, and that are included in the Medicaid state plan, including Medicaid safety-net payments, and payments made under sections 1.1, 1.3, 1.5, 9, and 9.5 of this chapter. For a state fiscal year ending after June 30, 2007, in addition to the reimbursement received under section 1 of this chapter, a hospital eligible under this section is entitled to reimbursement in an amount calculated as follows:**

STEP ONE: The office shall identify the total inpatient hospital services and the total outpatient hospital services reimbursable under this article and under the state Medicaid plan that were provided during the state fiscal year for all hospitals described in subsection (a).

STEP TWO: For the total inpatient hospital services and the total outpatient hospital services identified in STEP ONE, the office shall calculate the total payments made under this article and under the state Medicaid plan to all hospitals described in subsection (a). A calculation under this STEP excludes a payment made under the following:

(A) IC 12-15-16.

(B) IC 12-15-17.

(C) IC 12-15-19.

STEP THREE: The office shall calculate, under Medicare payment principles, a reasonable estimate of the total amount that would have been paid by the office for the inpatient hospital services and the outpatient hospital services identified in STEP ONE.

STEP FOUR: Subtract the amount calculated under STEP TWO from the amount calculated under STEP THREE.

STEP FIVE: Distribute an amount equal to the amount calculated under STEP FOUR to the eligible hospitals described in subsection (a) as follows:

(A) As used in this clause, "Medicaid inpatient days" are the hospital's in-state paid Medicaid fee for service and risk-based managed care days for the state fiscal year for which services are identified under STEP ONE, as determined by the office. Subject to the availability of funds transferred to the Medicaid indigent care trust fund under STEP FOUR of IC 12-16-7.5-4.5(c) and remaining in the Medicaid indigent care trust fund under IC 12-15-20-2(8)(G) to serve as the non-federal share of the payments, the amount calculated under STEP FOUR for a state fiscal year shall be paid to all hospitals described in subsection (a). The payments shall be made on a pro rata basis, based on the hospitals' Medicaid inpatient days or in accordance with another payment methodology determined by the office and approved by the Centers for Medicare and Medicaid Services.

(B) Subject to IC 12-15-20.7, if the entire amount calculated under STEP FOUR is not distributed following the payments made under clause (A), the remaining amount shall be paid as described in clauses (C) and (D) to a hospital that is described in subsection (a) and that is described as eligible under this clause. A hospital is eligible for a payment under clause (C) only if the hospital:

- (i) has less than sixty thousand (60,000) Medicaid inpatient days annually;
- (ii) was eligible for Medicaid disproportionate share hospital payments in the state fiscal year ending June 30, 1998, or the hospital met the office's Medicaid disproportionate share payment criteria based upon state fiscal year 1998 data and received a Medicaid disproportionate share payment for the state fiscal year ending June 30, 2001; and
- (iii) received a Medicaid disproportionate share payment under IC 12-15-19-2.1 for state fiscal years 2001, 2002, 2003, and 2004.

The payment amount under clause (C) for an eligible hospital is subject to the availability of the non-federal share of the hospital's payment being provided by the hospital or on behalf of the hospital.

(C) For state fiscal years ending after June 30, 2007, but before July 1, 2009, payments to eligible hospitals described in clause (B) shall be made as follows:

- (i) The payment to an eligible hospital that merged two (2) hospitals under a single Medicaid provider number effective January 1, 2004, shall equal one hundred percent (100%) of the hospital's hospital-specific limit for the state fiscal year ending June 30, 2005, when the payment is combined with any Medicaid disproportionate share payment made under IC 12-15-19-2.1, Medicaid, and other Medicaid supplemental payments, paid or to be paid to the hospital for a state fiscal year.
- (ii) The payment to an eligible hospital described in

clause (B) other than a hospital described in item (i) shall equal one hundred percent (100%) of the hospital's hospital specific limit for the state fiscal year ending June 30, 2004, when the payment is combined with any Medicaid disproportionate share payment made under IC 12-15-19-2.1, Medicaid, and other Medicaid supplemental payments, paid or to be paid to the hospital for a state fiscal year.

(D) For state fiscal years beginning after June 30, 2009, payments to an eligible hospital described in clause (B) shall be made in a manner determined by the office.

(E) Subject to IC 12-15-20.7, if the entire amount calculated under STEP FOUR is not distributed following the payments made under clause (A), and clauses (C) or (D), the remaining amount may be paid as described in clause (F) to a hospital described in subsection (a) that is described as eligible under this clause. A hospital is eligible for a payment for a state fiscal year under clause (F) if the hospital:

- (i) is eligible to receive Medicaid disproportionate share payments for the state fiscal year for which the Medicaid disproportionate share payment is attributable under IC 12-15-19-2.1, for a state fiscal year ending after June 30, 2007; and
- (ii) does not receive a payment under clauses (C) or (D) for the state fiscal year.

A payment to a hospital under this clause is subject to the availability of non-federal matching funds.

(F) Payments to eligible hospitals described in clause (E) shall be made:

- (i) to best use federal matching funds available for hospitals that are eligible for Medicaid disproportionate share payments under IC 12-15-19-2.1; and
- (ii) by using a methodology that allocates available funding under this clause, Medicaid supplemental payments, and payments under IC 12-15-19-2.1, in a manner in which all hospitals eligible under clause (E) receive payments in a manner that takes into account the situation of eligible hospitals that have historically qualified for Medicaid disproportionate share payments and ensures that payments for eligible hospitals are equitable.

(G) If the Centers for Medicare and Medicaid Services does not approve the payment methodologies in clauses (A) through (F), the office may implement alternative payment methodologies, that are eligible for federal financial participation, to implement a program consistent with the payments for hospitals described in clauses (A) through (F).

(d) A hospital described in subsection (a) may appeal under IC 4-21.5 the amount determined by the office to be paid to the hospital under STEP FIVE of ~~subsection~~ subsections (b) or (c). The distribution to other hospitals under STEP FIVE of subsection (b) or (c) may not be delayed due to an administrative appeal or

judicial review instituted by a hospital under this subsection. If necessary, the office may make a partial distribution to the other eligible hospitals under STEP FIVE of subsection (b) or (c) pending the completion of a hospital's administrative appeal or judicial review, at which time the remaining portion of the payments due to the eligible hospitals shall be made. A partial distribution may be based on estimates and trends calculated by the office.

SECTION 14. IC 12-15-15-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) For purposes of this section and IC 12-16-7.5-4.5, a payable claim is attributed to a county if the payable claim is submitted to the division by a hospital licensed under IC 16-21-2 for payment under IC 12-16-7.5 for care provided by the hospital to an individual who qualifies for the hospital care for the indigent program under IC 12-16-3.5-1 or IC 12-16-3.5-2 and:

- (1) who is a resident of the county;
- (2) who is not a resident of the county and for whom the onset of the medical condition that necessitated the care occurred in the county; or
- (3) whose residence cannot be determined by the division and for whom the onset of the medical condition that necessitated the care occurred in the county.

(b) For each state fiscal year ending after June 30, 2003, and before July 1, 2007, a hospital licensed under IC 16-21-2 that submits to the division during the state fiscal year a payable claim under IC 12-16-7.5 is entitled to a payment under ~~this section:~~ **subsection (c).**

(c) Except as provided in section 9.8 of this chapter and subject to section 9.6 of this chapter, for a state fiscal year, the office shall pay to a hospital referred to in subsection (b) an amount equal to the amount, based on information obtained from the division and the calculations and allocations made under IC 12-16-7.5-4.5, that the office determines for the hospital under STEP SIX of the following STEPS:

STEP ONE: Identify:

- (A) each hospital that submitted to the division one (1) or more payable claims under IC 12-16-7.5 during the state fiscal year; and
- (B) the county to which each payable claim is attributed.

STEP TWO: For each county identified in STEP ONE, identify:

- (A) each hospital that submitted to the division one (1) or more payable claims under IC 12-16-7.5 attributed to the county during the state fiscal year; and
- (B) the total amount of all hospital payable claims submitted to the division under IC 12-16-7.5 attributed to the county during the state fiscal year.

STEP THREE: For each county identified in STEP ONE, identify the amount of county funds transferred to the Medicaid indigent care trust fund under ~~STEP FOUR of IC 12-16-7.5-4.5(b):~~ **IC 12-16-7.5-4.5.**

STEP FOUR: For each hospital identified in STEP ONE, with respect to each county identified in STEP ONE, calculate the hospital's percentage share of the county's funds transferred to

the Medicaid indigent care trust fund under ~~STEP FOUR of IC 12-16-7.5-4.5(b):~~ **IC 12-16-7.5-4.5.** Each hospital's percentage share is based on the total amount of the hospital's payable claims submitted to the division under IC 12-16-7.5 attributed to the county during the state fiscal year, calculated as a percentage of the total amount of all hospital payable claims submitted to the division under IC 12-16-7.5 attributed to the county during the state fiscal year.

STEP FIVE: Subject to subsection (j), for each hospital identified in STEP ONE, with respect to each county identified in STEP ONE, multiply the hospital's percentage share calculated under STEP FOUR by the amount of the county's funds transferred to the Medicaid indigent care trust fund under ~~STEP FOUR of IC 12-16-7.5-4.5(b):~~ **IC 12-16-7.5-4.5.**

STEP SIX: Determine the sum of all amounts calculated under STEP FIVE for each hospital identified in STEP ONE with respect to each county identified in STEP ONE.

(d) For state fiscal years beginning after June 30, 2007, a hospital that received a payment determined under STEP SIX of subsection (c) for the state fiscal year ending June 30, 2007, shall be paid in an amount equal to the amount determined for the hospital under STEP SIX of subsection (c) for the state fiscal year ending June 30, 2007.

~~(d)~~ **(e)** A hospital's payment under subsection (c) or (d) is in the form of a Medicaid ~~add-on~~ **supplemental** payment. The amount of a hospital's ~~add-on~~ **Medicaid supplemental** payment is subject to the availability of funding for the non-federal share of the payment under subsection ~~(e):~~ **(f)**. The office shall make the payments under subsection (c) and (d) before December 15 that next succeeds the end of the state fiscal year.

~~(e)~~ **(f)** The non-federal share of a payment to a hospital under subsection (c) or (d) is funded from the funds transferred to the Medicaid indigent care trust fund under ~~STEP FOUR of IC 12-16-7.5-4.5(b) of each county to which a payable claim under IC 12-16-7.5 submitted to the division during the state fiscal year by the hospital is attributed:~~ **IC 12-16-7.5-4.5.**

~~(f)~~ **(g)** The amount of a county's transferred funds available to be used to fund the non-federal share of a payment to a hospital under subsection (c) is an amount that bears the same proportion to the total amount of funds of the county transferred to the Medicaid indigent care trust fund under ~~STEP FOUR of IC 12-16-7.5-4.5(b)~~ **IC 12-16-7.5-4.5** that the total amount of the hospital's payable claims under IC 12-16-7.5 attributed to the county submitted to the division during the state fiscal year bears to the total amount of all hospital payable claims under IC 12-16-7.5 attributed to the county submitted to the division during the state fiscal year.

~~(g)~~ **(h)** Any county's funds identified in subsection ~~(f)~~ **(g)** that remain after the non-federal share of a hospital's payment has been funded are available to serve as the non-federal share of a payment to a hospital under section 9.5 of this chapter.

~~(h)~~ **(i)** For purposes of this section, "payable claim" has the meaning set forth in IC 12-16-7.5-2.5(b)(1).

~~(i)~~ **(j)** For purposes of ~~this section:~~ **subsection (c):**

(1) the amount of a payable claim is an amount equal to the amount the hospital would have received under the state's fee-for-service Medicaid reimbursement principles for the hospital care for which the payable claim is submitted under IC 12-16-7.5 if the individual receiving the hospital care had been a Medicaid enrollee; and

(2) a payable hospital claim under IC 12-16-7.5 includes a payable claim under IC 12-16-7.5 for the hospital's care submitted by an individual or entity other than the hospital, to the extent permitted under the hospital care for the indigent program.

~~(j)~~ **(k)** The amount calculated under STEP FIVE of subsection (c) for a hospital with respect to a county may not exceed the total amount of the hospital's payable claims attributed to the county during the state fiscal year.

SECTION 15. IC 12-15-15-9.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9.5. (a) For purposes of this section and IC 12-16-7.5-4.5, a payable claim is attributed to a county if the payable claim is submitted to the division by a hospital licensed under IC 16-21-2 for payment under IC 12-16-7.5 for care provided by the hospital to an individual who qualifies for the hospital care for the indigent program under IC 12-16-3.5-1 or IC 12-16-3.5-2 and;

(1) who is a resident of the county;

(2) who is not a resident of the county and for whom the onset of the medical condition that necessitated the care occurred in the county; or

(3) whose residence cannot be determined by the division and for whom the onset of the medical condition that necessitated the care occurred in the county.

(b) For each state fiscal year ending after June 30, 2003, **but before July 1, 2007**, a hospital licensed under IC 16-21-2:

(1) that submits to the division during the state fiscal year a payable claim under IC 12-16-7.5; and

(2) whose payment under section 9(c) of this chapter was less than the total amount of the hospital's payable claims under IC 12-16-7.5 submitted by the hospital to the division during the state fiscal year;

is entitled to a payment under ~~this section~~: **subsection (c)**.

(c) Except as provided in section 9.8 of this chapter and subject to section 9.6 of this chapter, for a state fiscal year, the office shall pay to a hospital referred to in subsection (b) an amount equal to the amount, based on information obtained from the division and the calculations and allocations made under IC 12-16-7.5-4.5, that the office determines for the hospital under STEP EIGHT of the following STEPS:

STEP ONE: Identify each county whose transfer of funds to the Medicaid indigent care trust fund under ~~STEP FOUR of IC 12-16-7.5-4.5(b)~~ **IC 12-16-7.5-4.5** for the state fiscal year was less than the total amount of all hospital payable claims attributed to the county and submitted to the division during the state fiscal year.

STEP TWO: For each county identified in STEP ONE, calculate the difference between the amount of funds of the

county transferred to the Medicaid indigent care trust fund under ~~STEP FOUR of IC 12-16-7.5-4.5(b)~~ **IC 12-16-7.5-4.5** and the total amount of all hospital payable claims attributed to the county and submitted to the division during the state fiscal year.

STEP THREE: Calculate the sum of the amounts calculated for the counties under STEP TWO.

STEP FOUR: Identify each hospital whose payment under section 9(c) of this chapter was less than the total amount of the hospital's payable claims under IC 12-16-7.5 submitted by the hospital to the division during the state fiscal year.

STEP FIVE: Calculate for each hospital identified in STEP FOUR the difference between the hospital's payment under section 9(c) of this chapter and the total amount of the hospital's payable claims under IC 12-16-7.5 submitted by the hospital to the division during the state fiscal year.

STEP SIX: Calculate the sum of the amounts calculated for each of the hospitals under STEP FIVE.

STEP SEVEN: For each hospital identified in STEP FOUR, calculate the hospital's percentage share of the amount calculated under STEP SIX. Each hospital's percentage share is based on the amount calculated for the hospital under STEP FIVE calculated as a percentage of the sum calculated under STEP SIX.

STEP EIGHT: For each hospital identified in STEP FOUR, multiply the hospital's percentage share calculated under STEP SEVEN by the sum calculated under STEP THREE. The amount calculated under this STEP for a hospital may not exceed the amount by which the hospital's total payable claims under IC 12-16-7.5 submitted during the state fiscal year exceeded the amount of the hospital's payment under section 9(c) of this chapter.

(d) For state fiscal years beginning after June 30, 2007, a hospital that received a payment determined under STEP EIGHT of subsection (c) for the state fiscal year ending June 30, 2007, shall be paid an amount equal to the amount determined for the hospital under STEP EIGHT of subsection (c) for the state fiscal year ending June 30, 2007.

~~(e)~~ **(f)** A hospital's payment under subsection (c) ~~or (d)~~ is in the form of a Medicaid ~~add-on~~ **supplemental** payment. The amount of the hospital's add-on payment is subject to the availability of funding for the non-federal share of the payment under subsection ~~(e)~~: **(f)**. The office shall make the payments under subsection (c) ~~or (d)~~ before December 15 that next succeeds the end of the state fiscal year.

~~(e)~~ **(f)** The non-federal share of a payment to a hospital under subsection (c) ~~or (d)~~ is derived from funds transferred to the Medicaid indigent care trust fund under ~~STEP FOUR of IC 12-16-7.5-4.5(b)~~ **IC 12-16-7.5-4.5** and not expended under section 9 of this chapter. ~~To the extent possible, the funds shall be derived on a proportional basis from the funds transferred by each county identified in subsection (c); STEP ONE:~~

~~(1) to which at least one (1) payable claim submitted by the hospital to the division during the state fiscal year is~~

attributed; and

(2) whose funds transferred to the Medicaid indigent care trust fund under STEP FOUR of IC 12-16-7.5-4.5(b) were not completely expended under section 9 of this chapter.

The amount available to be derived from the remaining funds transferred to the Medicaid indigent care trust fund under STEP FOUR of IC 12-16-7.5-4.5(b) to serve as the non-federal share of the payment to a hospital under subsection (c) is an amount that bears the same proportion to the total amount of funds transferred by all the counties identified in subsection (c); STEP ONE; that the amount calculated for the hospital under subsection (c); STEP FIVE; bears to the amount calculated under subsection (c); STEP SIX.

(f) (g) Except as provided in subsection (g); (h), the office may not make a payment under this section until the payments due under section 9 of this chapter for the state fiscal year have been made.

(g) (h) If a hospital appeals a decision by the office regarding the hospital's payment under section 9 of this chapter, the office may make payments under this section before all payments due under section 9 of this chapter are made if:

- (1) a delay in one (1) or more payments under section 9 of this chapter resulted from the appeal; and
- (2) the office determines that making payments under this section while the appeal is pending will not unreasonably affect the interests of hospitals eligible for a payment under this section.

(h) (i) Any funds transferred to the Medicaid indigent care trust fund under STEP FOUR of IC 12-16-7.5-4.5(b) IC 12-16-7.5-4.5 remaining after payments are made under this section shall be used as provided in IC 12-15-20-2(8)(D); IC 12-15-20-2(8).

(i) For purposes of this section: subsection (c):

- (1) "payable claim" has the meaning set forth in IC 12-16-7.5-2.5(b);
- (2) the amount of a payable claim is an amount equal to the amount the hospital would have received under the state's fee-for-service Medicaid reimbursement principles for the hospital care for which the payable claim is submitted under IC 12-16-7.5 if the individual receiving the hospital care had been a Medicaid enrollee; and
- (3) a payable hospital claim under IC 12-16-7.5 includes a payable claim under IC 12-16-7.5 for the hospital's care submitted by an individual or entity other than the hospital, to the extent permitted under the hospital care for the indigent program.

SECTION 16. IC 12-15-15-9.6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9.6. **For state fiscal years beginning after June 30, 2007**, the total amount of payments to hospitals under sections 9 and 9.5 of this chapter may not exceed the amount transferred to the Medicaid indigent care trust fund under STEP FOUR of IC 12-16-7.5-4.5(b); **paid to hospitals under sections 9 and 9.5 of this chapter for the state fiscal year ending June 30, 2007.**

SECTION 17. IC 12-15-15-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) This section

applies to a hospital that:

- (1) is licensed under IC 16-21; and
- (2) qualifies as a provider under **IC 12-15-16, IC 12-15-17, or IC 12-15-19** of the Medicaid disproportionate share provider program.

(b) The office may, after consulting with affected providers, do one (1) or more of the following:

(1) Expand the payment program established under section 1-1(b) of this chapter to include all hospitals described in subsection (a):

- (2) (1) Establish a nominal charge hospital payment program.
- (3) (2) Establish any other permissible payment program.

(c) A program expanded or established under this section is subject to the availability of:

- (1) intergovernmental transfers; or
- (2) funds certified as being eligible for federal financial participation; or

(3) other permissible sources of non-federal share dollars.

(d) The office may not implement a program under this section until the federal Centers for Medicare and Medicaid Services approves the provisions regarding the program in the amended state plan for medical assistance.

(e) The office may determine not to continue to implement a program established under this section if federal financial participation is not available.

SECTION 18. IC 12-15-19-2.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2.1. (a) For each state fiscal year ending on or after June 30, 2000, the office shall develop a disproportionate share payment methodology that ensures that each hospital qualifying for disproportionate share payments under IC 12-15-16-1(a) timely receives total disproportionate share payments that do not exceed the hospital's hospital specific limit provided under 42 U.S.C. 1396r-4(g). The payment methodology as developed by the office must:

- (1) maximize disproportionate share hospital payments to qualifying hospitals to the extent practicable;
- (2) take into account the situation of those qualifying hospitals that have historically qualified for Medicaid disproportionate share payments; and
- (3) ensure that payments ~~net of intergovernmental transfers made by or on behalf of~~ **for** qualifying hospitals are equitable.

(b) Total disproportionate share payments to a hospital under this chapter shall not exceed the hospital specific limit provided under 42 U.S.C. 1396r-4(g). The hospital specific limit for a state fiscal year shall be determined by the office taking into account data provided by each hospital that is considered reliable by the office based on a system of periodic audits, the use of trending factors, and an appropriate base year determined by the office. The office may require independent certification of data provided by a hospital to determine the hospital's hospital specific limit.

(c) The office shall include a provision in each amendment to the state plan regarding Medicaid disproportionate share payments that the office submits to the federal Centers for Medicare and Medicaid Services that, as provided in 42 CFR 447.297(d)(3), allows the state

to make additional disproportionate share expenditures after the end of each federal fiscal year that relate back to a prior federal fiscal year. However, the total disproportionate share payments to:

- (1) each individual hospital; and
- (2) all qualifying hospitals in the aggregate;

may not exceed the limits provided by federal law and regulation.

(d) ~~The office shall, in each state fiscal year, provide sufficient funds for acute care hospitals licensed under IC 16-21 that qualify for disproportionate share payments under IC 12-15-16-1(a). Funds provided under this subsection:~~

- ~~(1) do not include funds transferred by other governmental units to the Medicaid indigent care trust fund; and~~
- ~~(2) must be in an amount equal to the amount that results from the following calculation:~~

~~STEP ONE: Multiply twenty-six million dollars (\$26,000,000) by the federal medical assistance percentage.~~

~~STEP TWO: Subtract the amount determined under STEP ONE from twenty-six million dollars (\$26,000,000).~~

SECTION 19. IC 12-15-19-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) The office is not required to make disproportionate share payments under this chapter from the Medicaid indigent care trust fund established by IC 12-15-20-1 until the fund has received sufficient deposits, **including intergovernmental transfers of funds and certifications of expenditures**, to permit the office to make the state's share of the required disproportionate share payments.

(b) **For state fiscal years beginning after June 30, 2006**, if:

- (1) sufficient deposits have not been received; **or**
- (2) **the statewide Medicaid disproportionate share allocation is insufficient to provide federal financial participation for the entirety of all eligible disproportionate share hospitals' hospital-specific limits;**

the office shall reduce disproportionate share payments **made under IC 12-15-19-2.1 and Medicaid safety-net payments made in accordance with the Medicaid state plan to all eligible institutions by the same percentage, using an equitable methodology consistent with subsection (c).**

(c) **For state fiscal years beginning after June 30, 2006**, payments reduced under this section shall, in accordance with the Medicaid state plan, be made:

- (1) **to best utilize federal matching funds available for hospitals eligible for Medicaid disproportionate share payments under IC 12-15-19-2.1; and**
- (2) **by utilizing a methodology that allocates available funding under this subdivision, and Medicaid supplemental payments as defined in IC 12-15-15-1.5, in a manner that all hospitals eligible for Medicaid disproportionate share payments under IC 12-15-19-2.1 receive payments using a methodology that:**

- (A) **takes into account the situation of the eligible hospitals that have historically qualified for Medicaid disproportionate share payments; and**
- (B) **ensures that payments for eligible hospitals are equitable.**

(d) The percentage reduction shall be sufficient to ensure that payments do not exceed the **statewide Medicaid disproportionate share allocation or the** amounts that can be financed with:

- (1) ~~the state share that is in the amount transferred from the hospital care for the indigent trust fund;~~
- (2) **other intergovernmental transfers;**
- (3) **certifications of public expenditures; or**
- (4) **any other permissible sources of non-federal match.**

SECTION 20. IC 12-15-20-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. The Medicaid indigent care trust fund is established to pay the non-federal share of the following:

- (1) Enhanced disproportionate share payments to providers under IC 12-15-19-1.
- (2) Subject to subdivision (8), disproportionate share payments to providers under IC 12-15-19-2.1.
- (3) Medicaid payments for pregnant women described in IC 12-15-2-13 and infants and children described in IC 12-15-2-14.
- (4) Municipal disproportionate share payments to providers under IC 12-15-19-8.
- (5) Payments to hospitals under IC 12-15-15-9.
- (6) Payments to hospitals under IC 12-15-15-9.5.
- (7) Payments, funding, and transfers as otherwise provided in clauses (8)(D), ~~and (8)(F)~~, **and (8)(G).**
- (8) Of the intergovernmental transfers deposited into the Medicaid indigent care trust fund, the following apply:

(A) The entirety of the intergovernmental transfers deposited into the Medicaid indigent care trust fund for state fiscal years ending on or before June 30, 2000, shall be used to fund the state's share of the disproportionate share payments to providers under IC 12-15-19-2.1.

(B) Of the intergovernmental transfers deposited into the Medicaid indigent care trust fund for the state fiscal year ending June 30, 2001, an amount equal to one hundred percent (100%) of the total intergovernmental transfers deposited into the Medicaid indigent care trust fund for the state fiscal year beginning July 1, 1998, and ending June 30, 1999, shall be used to fund the state's share of disproportionate share payments to providers under IC 12-15-19-2.1. The remainder of the intergovernmental transfers, if any, for the state fiscal year shall be used to fund the state's share of additional Medicaid payments to hospitals licensed under IC 16-21 pursuant to a methodology adopted by the office.

(C) Of the intergovernmental transfers deposited into the Medicaid indigent care trust fund, for state fiscal years beginning July 1, 2001, and July 1, 2002, an amount equal to:

- (i) one hundred percent (100%) of the total intergovernmental transfers deposited into the Medicaid indigent care trust fund for the state fiscal year beginning July 1, 1998; minus
- (ii) an amount equal to the amount deposited into the

Medicaid indigent care trust fund under IC 12-15-15-9(d) for the state fiscal years beginning July 1, 2001, and July 1, 2002;

shall be used to fund the state's share of disproportionate share payments to providers under IC 12-15-19-2.1. The remainder of the intergovernmental transfers, if any, must be used to fund the state's share of additional Medicaid payments to hospitals licensed under IC 16-21 pursuant to a methodology adopted by the office.

(D) ~~Of~~ The intergovernmental transfers, which shall include amounts transferred under ~~IC 12-16-7.5-4.5(b); STEP FOUR; IC 12-16-7.5-4.5,~~ deposited into the Medicaid indigent care trust fund **and the certifications of public expenditures deemed to be made to the medicaid indigent care trust fund**, for the state fiscal years ending after June 30, ~~2003; 2005, but before July 1, 2007,~~ an amount equal to:

(i) one hundred percent (100%) of the total intergovernmental transfers deposited into the Medicaid indigent care trust fund for the state fiscal year beginning July 1, 1998, and ending June 30, 1999; minus

(ii) an amount equal to the amount deposited into the Medicaid indigent care trust fund under ~~STEP FOUR of IC 12-16-7.5-4.5(b)~~ for the state fiscal year ending after June 30, 2003;

shall be used, to fund the non-federal share of disproportionate share payments to providers under ~~IC 12-15-19-2.1.~~ The remainder of the intergovernmental transfers, if any, for the state fiscal years shall be used to fund, in descending order of priority, the non-federal share of payments to hospitals under ~~IC 12-15-15-9; the non-federal share of payments to hospitals under IC 12-15-15-9.5;~~ the amount to be transferred under clause (F); and the non-federal share of payments under clauses (A) and (B) of STEP FIVE of ~~IC 12-15-15-1.5(b);~~ in descending order of priority, as follows:

(i) As provided in clause (B) of STEP THREE of IC 12-16-7.5-4.5(b)(1) and clause (B) of STEP THREE of IC 12-16-7.5-4.5(b)(2), to fund the amount to be transferred to the office.

(ii) As provided in clause (C) of STEP THREE of IC 12-16-7.5-4.5(b)(1) and clause (C) of STEP THREE of IC 12-16-7.5-4.5(b)(2), to fund the non-federal share of the payments made under IC 12-15-15-9 and IC 12-15-15-9.5.

(iii) To fund the non-federal share of the payments made under IC 12-15-15-1.1, IC 12-15-15-1.3, and IC 12-15-19-8.

(iv) As provided under clause (A) of STEP THREE of IC 12-16-7.5-4.5(b)(1) and clause (A) of STEP THREE of IC 12-16-7.5-4.5(b)(2), for the payment to be made under clause (A) of STEP FIVE of IC 12-15-15-1.5(b).

(v) As provided under STEP FOUR of IC 12-16-7.5-4.5(b)(1) and STEP FOUR of IC 12-16-7.5-4.5(b)(2), to fund the payments to be made under clause (B) of STEP FIVE of IC 12-15-15-1.5(b).

(vi) To fund, in an order of priority determined by the office to best use the available non-federal share, the programs listed in clause (H).

(E) For state fiscal years ending after June 30, 2007, the total amount of intergovernmental transfers used to fund the non-federal share of payments to hospitals under IC 12-15-15-9 and IC 12-15-15-9.5 shall not exceed the amount calculated under ~~STEP TWO~~ of the following formula:

~~STEP ONE: Calculate the total amount of funds transferred to the Medicaid indigent care trust fund under STEP FOUR of IC 12-16-7.5-4.5(b).~~

~~STEP TWO: Multiply the state Medicaid medical assistance percentage for the state fiscal year for which the payments under IC 12-15-15-9 and IC 12-15-15-9.5 are to be made by the amount calculated under STEP ONE; provided in clause (G)(ii).~~

(F) As provided in clause (D), for the following:

(i) Each state fiscal year ending after June 30, 2003, but before July 1, 2005, an amount equal to the amount calculated under STEP THREE of the following formula shall be transferred to the office:

STEP ONE: Calculate the product of thirty-five million dollars (\$35,000,000) multiplied by the federal medical assistance percentage for federal fiscal year 2003.

STEP TWO: Calculate the sum of the amounts, if any, reasonably estimated by the office to be transferred or otherwise made available to the office for the state fiscal year, and the amounts, if any, actually transferred or otherwise made available to the office for the state fiscal year, under arrangements whereby the office and a hospital licensed under IC 16-21-2 agree that an amount transferred or otherwise made available to the office by the hospital or on behalf of the hospital shall be included in the calculation under this STEP.

STEP THREE: Calculate the amount by which the product calculated under STEP ONE exceeds the sum calculated under STEP TWO.

(ii) The state fiscal years ending after June 30, 2005, but before July 1, 2007, an amount equal to thirty million dollars (\$30,000,000) shall be transferred to the office.

(G) Subject to IC 12-15-20.7-2(b), for each state fiscal year ending after June 30, 2007, the total amount in the Medicaid indigent care trust fund, including the amount of intergovernmental transfers of funds transferred, and the amounts of certifications of expenditures eligible for federal financial participation deemed to be transferred, to the Medicaid indigent

care trust fund, shall be used to fund the following:

- (i) Thirty million dollars (\$30,000,000) transferred to the office for the Medicaid budget.
- (ii) An amount not to exceed the non-federal share of payments to hospitals under IC 12-15-15-9 and IC 12-15-15-9.5.
- (iii) An amount not to exceed the non-federal share of payments to hospitals made under IC 12-15-15-1.1 and IC 12-15-15-1.3.
- (iv) An amount not to exceed the non-federal share of disproportionate share payments to hospitals under IC 12-15-19-8.
- (v) An amount not to exceed the non-federal share of payments to hospitals under clause (A) of STEP FIVE of IC 12-15-15-1.5(c).
- (vi) An amount not to exceed the non-federal share of Medicaid safety-net payments.
- (vii) An amount not to exceed the non-federal share of payments to hospitals made under clauses (C) or (D) of STEP FIVE of IC 12-15-15-1.5(c).
- (viii) An amount not to exceed the non-federal share of payments to hospitals made under clause (F) of STEP FIVE of IC 12-15-15-1.5(c).
- (ix) An amount not to exceed the non-federal share of disproportionate share payments to hospitals under IC 12-15-19-2.1.
- (x) If additional funds are available after making payments under items (i) through (ix), to fund other Medicaid supplemental payments for hospitals approved by the office and included in the Medicaid state plan.

(H) For purposes of clause (D)(vi), the office shall fund the following:

- (i) An amount equal to the non-federal share of the payments to the hospital that is eligible under this item, for payments made under clause (C) of STEP FIVE of IC 12-15-15-1.5(b) under an agreement with the office, Medicaid safety-net payments and any payment made under IC 12-15-19-2.1. The amount of the payments to the hospital under this item shall be equal to one hundred percent (100%) of the hospital's hospital-specific limit for state fiscal year 2005, when the payments are combined with payments made under IC 12-15-15-9, IC 12-15-15-9.5, and clause (B) of STEP FIVE of IC 12-15-15-1.5(b) for a state fiscal year. A hospital is eligible under this item if the hospital was eligible for Medicaid disproportionate share hospital payments for the state fiscal year ending June 30, 1998, the hospital received a Medicaid disproportionate share payment under IC 12-15-19-2.1 for state fiscal years 2001, 2002, 2003, and 2004, and the hospital merged two (2) hospitals under a single Medicaid provider number, effective January 1, 2004.

(ii) An amount equal to the non-federal share of payments to hospitals that are eligible under this item, for payments made under clause (C) of STEP FIVE of IC 12-15-15-1.5(b) under an agreement with the office, Medicaid safety-net payments, and any payment made under IC 12-15-19-2.1. The amount of payments to each hospital under this item shall be equal to one hundred percent (100%) of the hospital's hospital-specific limit for state fiscal year 2004, when the payments are combined with payments made to the hospital under IC 12-15-15-9, IC 12-15-15-9.5, and clause (B) of STEP FIVE of IC 12-15-15-1.5(b) for a state fiscal year. A hospital is eligible under this item if the hospital did not receive a payment under item (i), the hospital has less than sixty thousand (60,000) Medicaid inpatient days annually, the hospital either was eligible for Medicaid disproportionate share hospital payments for the state fiscal year ending June 30, 1998 or the hospital met the office's Medicaid disproportionate share payment criteria based on state fiscal year 1998 data and received a Medicaid disproportionate share payment for the state fiscal year ending June 30, 2001, and the hospital received a Medicaid disproportionate share payment under IC 12-15-19-2.1 for state fiscal years 2001, 2002, 2003, and 2004.

(iii) Subject to IC 12-15-19-6, an amount not less than the non-federal share of Medicaid safety-net payments in accordance with the Medicaid state plan.

(iv) An amount not less than the non-federal share of payments made under clause (C) of STEP FIVE of IC 12-15-15-1.5(b) under an agreement with the office to a hospital having sixty thousand (60,000) Medicaid inpatient days annually.

(v) An amount not less than the non-federal share of Medicaid disproportionate share payments for hospitals eligible under this item, and made under IC 12-15-19-6 and the approved Medicaid state plan. A hospital is eligible for a payment under this item if the hospital is eligible for payments under IC 12-15-19-2.1.

(vi) If additional funds remain after the payments made under (i) through (v), payments approved by the office and under the Medicaid state plan, to fund the non-federal share of other Medicaid supplemental payments for hospitals.

SECTION 21. IC 12-15-20.7-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) For each state fiscal year ending before July 1, 2005, and subject to section 3 of this chapter, the office shall make the payments identified in this section in the following order:

- (1) First, payments under IC 12-15-15-9 and IC 12-15-15-9.5.
- (2) Second, payments under clauses (A) and (B) of STEP

FIVE of IC 12-15-15-1.5(b).

(3) Third, Medicaid inpatient payments for safety-net hospitals and Medicaid outpatient payments for safety-net hospitals.

(4) Fourth, payments under IC 12-15-15-1.1 and 12-15-15-1.3.

(5) Fifth, payments under IC 12-15-19-8 for municipal disproportionate share hospitals.

(6) Sixth, payments under IC 12-15-19-2.1 for disproportionate share hospitals.

(7) Seventh, payments under clause (C) of STEP FIVE of IC 12-15-15-1.5(b).

(b) For each state fiscal year ending after June 30, 2007, the office shall make the payments for the programs identified in IC 12-15-20-2(8)(G) in the order of priority that best utilizes available non-federal share, Medicaid supplemental payments, and Medicaid disproportionate share payments, and may change the order or priority at any time as necessary for the proper administration of one (1) or more of the payment programs listed in IC 12-15-20-2(8)(G).

SECTION 22. IC 12-15-44 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

Chapter 44. Indiana Check-Up Plan

Sec. 1. As used in this chapter, "plan" refers to the Indiana check-up plan established by section 3 of this chapter.

Sec. 2. As used in this chapter, "preventative care services" means care that is provided to an individual to prevent disease, diagnose disease, or promote good health.

Sec. 3. (a) The Indiana check-up plan is established.

(b) The office shall administer the plan.

(c) The department of insurance and the office of the secretary shall provide oversight of the marketing practices of the plan.

(d) The office shall promote the plan and provide information to potential eligible individuals who live in medically underserved rural areas of Indiana.

(e) The office shall, to the extent possible, ensure that enrollment in the plan is distributed throughout Indiana in proportion to the number of individuals throughout Indiana who are eligible for participation in the plan.

(f) The office shall establish standards for consumer protection, including the following:

(1) Quality of care standards.

(2) A uniform process for participant grievances and appeals.

(3) Standardized reporting concerning provider performance, consumer experience, and cost.

(g) A health care provider that provides care to an individual who receives health insurance coverage under the plan shall participate in the Medicaid program under IC 12-15.

(h) The office of the secretary may refer an individual who:

(1) has applied for health insurance coverage under the plan; and

(2) is at high risk of chronic disease; to the Indiana comprehensive health insurance association for administration of the individual's plan benefits under IC 27-8-10.1.

(i) The following do not apply to the plan:

(1) IC 12-15-6.

(2) IC 12-15-12.

(3) IC 12-15-13.

(4) IC 12-15-14.

(5) IC 12-15-15.

(6) IC 12-15-21.

(7) IC 12-15-26.

(8) IC 12-15-31.1.

(9) IC 12-15-34.

(10) IC 12-15-35.

(11) IC 12-15-35.5.

(12) IC 16-42-22-10.

Sec. 4. (a) The plan must include the following in a manner and to the extent determined by the office:

(1) Mental health care services.

(2) Inpatient hospital services.

(3) Prescription drug coverage.

(4) Emergency room services.

(5) Physician office services.

(6) Diagnostic services.

(7) Outpatient services, including therapy services.

(8) Comprehensive disease management.

(9) Home health services, including case management.

(10) Urgent care center services.

(11) Preventative care services.

(12) Family planning services:

(A) including contraceptives and sexually transmitted disease testing, as described in federal Medicaid law (42 U.S.C. 1396 et seq.); and

(B) not including abortion or abortifacients.

(13) Hospice services.

(14) Substance abuse services.

(b) The plan must do the following:

(1) Offer coverage for dental and vision services to an individual who participates in the plan.

(2) Pay at least fifty percent (50%) of the premium cost of dental and vision services coverage described in subdivision (1).

(c) An individual who receives the dental or vision coverage offered under subsection (b) shall pay an amount determined by the office for the coverage. The office shall limit the payment to not more than five percent (5%) of the individual's annual household income. The payment required under this subsection is in addition to the payment required under section 11(b)(2) of this chapter for coverage under the plan.

(d) Vision services offered by the plan must include services provided by an optometrist.

(e) The plan must comply with any coverage requirements that apply to an accident and sickness insurance policy issued

in Indiana.

(f) The plan may not permit treatment limitations or financial requirements on the coverage of mental health care services or substance abuse services if similar limitations or requirements are not imposed on the coverage of services for other medical or surgical conditions.

Sec. 5. (a) The office shall provide to an individual who participates in the plan a list of health care services that qualify as preventative care services for the age, gender, and preexisting conditions of the individual. The office shall consult with the federal Centers for Disease Control and Prevention for a list of recommended preventative care services.

(b) The plan shall, at no cost to the individual, provide payment for not more than five hundred dollars (\$500) of qualifying preventative care services per year for an individual who participates in the plan. Any additional preventative care services covered under the plan and received by the individual during the year are subject to the deductible and payment requirements of the plan.

Sec. 6. The plan has the following per participant coverage limitations:

- (1) An annual individual maximum coverage limitation of three hundred thousand dollars (\$300,000).
- (2) A lifetime individual maximum coverage limitation of one million dollars (\$1,000,000).

Sec. 7. The following requirements apply to funds appropriated by the general assembly to the plan:

- (1) At least eighty-five percent (85%) of the funds must be used to fund payment for health care services.
- (2) An amount determined by the office of the secretary to fund:

- (A) administrative costs of; and
- (B) any profit made by;

an insurer or a health maintenance organization under a contract with the office to provide health insurance coverage under the plan. The amount determined under this subdivision may not exceed fifteen percent (15%) of the funds.

Sec. 8. The plan is not an entitlement program. The maximum enrollment of individuals who may participate in the plan is dependent on funding appropriated for the plan.

Sec. 9. (a) An individual is eligible for participation in the plan if the individual meets the following requirements:

- (1) The individual is at least eighteen (18) years of age and less than sixty-five (65) years of age.
- (2) The individual is a United States citizen and has been a resident of Indiana for at least twelve (12) months.
- (3) The individual has an annual household income of not more than two hundred percent (200%) of the federal income poverty level.
- (4) The individual is not eligible for health insurance coverage through the individual's employer.
- (5) The individual has not had health insurance coverage for at least six (6) months.

(b) The following individuals are not eligible for the plan:

- (1) An individual who participates in the federal Medicare program (42 U.S.C. 1395 et seq.).
- (2) A pregnant woman for purposes of pregnancy related services.
- (3) An individual who is eligible for the Medicaid program as a disabled person.

(c) The eligibility requirements specified in subsection (a) are subject to approval for federal financial participation by the United States Department of Health and Human Services.

Sec. 10. (a) An individual who participates in the plan must have a health care account to which payments may be made for the individual's participation in the plan only by the following:

- (1) The individual.
- (2) An employer.
- (3) The state.

(b) The minimum funding amount for a health care account is the amount required under section 11 of this chapter.

(c) An individual's health care account must be used to pay the individual's deductible for health care services under the plan.

(d) An individual may make payments to the individual's health care account as follows:

- (1) An employer withholding or causing to be withheld from an employee's wages or salary, after taxes are deducted from the wages or salary, the individual's contribution under this chapter and distributed equally throughout the calendar year.
- (2) Submission of the individual's contribution under this chapter to the office to deposit in the individual's health care account in a manner prescribed by the office.
- (3) Another method determined by the office.

(e) An employer may make, from funds not payable by the employer to the employee, not more than fifty percent (50%) of an individual's required payment to the individual's health care account.

Sec. 11. (a) An individual's participation in the plan does not begin until an initial payment is made for the individual's participation in the plan. A required payment to the plan for the individual's participation may not exceed one-twelfth (1/12) of the annual payment required under subsection (b).

(b) To participate in the plan, an individual shall do the following:

- (1) Apply for the plan on a form prescribed by the office. The office may develop and allow a joint application for a household.
- (2) If the individual is approved by the office to participate in the plan, contribute to the individual's health care account the lesser of the following:
 - (A) One thousand one hundred dollars (\$1,100) per year, less any amounts paid by the individual under the:
 - (i) Medicaid program under IC 12-15;
 - (ii) children's health insurance program under IC 12-17.6; and

(iii) Medicare program (42 U.S.C. 1395 et seq.); as determined by the office.

(B) Not more than the following applicable percentage of the individual's annual household income per year, less any amounts paid by the individual under the Medicaid program under IC 12-15, the children's health insurance program under IC 12-17.6, and the Medicare program (42 U.S.C. 1395 et seq.) as determined by the office:

(i) two percent (2%) of the individual's annual household income per year if the individual has an annual household income of not more than one hundred percent (100%);

(ii) three percent (3%) of the individual's annual household income per year if the individual has an annual household income of more than one hundred percent (100%) and not more than one hundred twenty-five percent (125%);

(iii) four percent (4%) of the individual's annual household income per year if the individual has an annual household income of more than one hundred twenty-five percent (125%) and not more than one hundred fifty percent (150%); or

(iv) five percent (5%) of the individual's annual household income per year if the individual has an annual household income of more than one hundred fifty percent (150%) and not more than two hundred percent (200%);

of the federal income poverty level.

(c) The state shall contribute the difference to the individual's account if the individual's payment required under subsection (b)(2) is less than one thousand one hundred dollars (\$1,100).

(d) If an individual's required payment to the plan is not made within sixty (60) days after the required payment date, the individual may be terminated from participation in the plan. The individual must receive written notice before the individual is terminated from the plan.

(e) After termination from the plan under subsection (d), the individual may not reapply to participate in the plan for twelve (12) months.

Sec. 12. (a) An individual who is approved to participate in the plan is eligible for a twelve (12) month plan period. An individual who participates in the plan may not be refused renewal of participation in the plan for the sole reason that the plan has reached the plan's maximum enrollment.

(b) If the individual chooses to renew participation in the plan, the individual shall complete a renewal application and any necessary documentation, and submit to the office the documentation and application on a form prescribed by the office.

(c) If the individual chooses not to renew participation in the plan, the individual may not reapply to participate in the plan for at least twelve (12) months.

(d) Any funds remaining in the health care account of an individual who renews participation in the plan at the end of the individual's twelve (12) month plan period must be used to reduce the individual's payments for the subsequent plan period. However, if the individual did not, during the plan period, receive all qualified preventative services recommended as provided in section 5 of this chapter, the state's contribution to the health care account may not be used to reduce the individual's payments for the subsequent plan period.

(e) If an individual is no longer eligible for the plan, does not renew participation in the plan at the end of the plan period, or is terminated from the plan for nonpayment of a required payment, the office shall, not more than sixty (60) days after the last date of participation in the plan, refund to the individual the amount determined under subsection (f) of any funds remaining in the individual's health care account as follows:

(1) An individual who is no longer eligible for the plan or does not renew participation in the plan at the end of the plan period shall receive the amount determined under STEP FOUR of subsection (f).

(2) An individual who is terminated from the plan due to nonpayment of a required payment shall receive the amount determined under STEP FIVE of subsection (f).

(f) The office shall determine the amount payable to an individual described in subsection (e) as follows:

STEP ONE: Determine the total amount paid into the individual's health care account under section 10(d) of this chapter.

STEP TWO: Determine the total amount paid into the individual's health care account from all sources.

STEP THREE: Divide STEP ONE by STEP TWO.

STEP FOUR: Multiply the ratio determined in STEP THREE by the total amount remaining in the individual's health care account.

STEP FIVE: Multiply the amount determined under STEP FOUR by seventy-five hundredths (0.75).

Sec. 13. Subject to appeal to the office, an individual may be held responsible under the plan for receiving nonemergency services in an emergency room setting, including prohibiting the individual from using funds in the individual's health care account to pay for the nonemergency services. However, an individual may not be prohibited from using funds in the individual's health care account to pay for nonemergency services provided in an emergency room setting for a medical condition that arises suddenly and unexpectedly and manifests itself by acute symptoms of such severity, including severe pain, that the absence of immediate medical attention could reasonably be expected by a prudent lay person who possesses an average knowledge of health and medicine to:

(1) place an individual's health in serious jeopardy;

(2) result in serious impairment to the individual's bodily functions; or

(3) result in serious dysfunction of a bodily organ or part of the individual.

Sec. 14. (a) An insurer or health maintenance organization that contracts with the office to provide health insurance coverage, dental coverage, or vision coverage to an individual that participates in the plan:

- (1) is responsible for the claim processing for the coverage;
- (2) shall reimburse providers at a reimbursement rate of:
 - (A) not less than the federal Medicare reimbursement rate for the service provided; or
 - (B) at a rate of one hundred thirty percent (130%) of the Medicaid reimbursement rate for a service that does not have a Medicare reimbursement rate; and
- (3) may not deny coverage to an eligible individual who has been approved by the office to participate in the plan, unless the individual has met the coverage limitations described in section 6 of this chapter.

(b) An insurer or a health maintenance organization that contracts with the office to provide health insurance coverage under the plan must incorporate cultural competency standards established by the office. The standards must include standards for non-English speaking, minority, and disabled populations.

Sec. 15. (a) An insurer or a health maintenance organization that contracts with the office to provide health insurance coverage under the plan or an affiliate of an insurer or a health maintenance organization that contracts with the office to provide health insurance coverage under the plan shall offer to provide the same health insurance coverage to an individual who:

- (1) has not had health insurance coverage during the previous six (6) months; and
- (2) meets the eligibility requirements specified in section 9 of this chapter for participation in the plan but is not enrolled because the plan has reached maximum enrollment.

(b) The insurance underwriting and rating practices applied to health insurance coverage offered under subsection (a) must not be different from underwriting and rating practices used for the health insurance coverage provided under the plan.

(c) The state does not provide funding for health insurance coverage received under this section.

Sec. 16. (a) An insurer or a health maintenance organization that contracts with the office to provide health insurance coverage under the plan or an affiliate of an insurer or a health maintenance organization that contracts with the office to provide health insurance coverage under the plan shall offer to provide the same health insurance coverage to an individual who:

- (1) has not had health insurance coverage during the previous six (6) months; and
- (2) does not meet the eligibility requirements specified in section 9 of this chapter for participation in the plan.

(b) An insurer, a health maintenance organization, or an affiliate described in subsection (a) may apply to health insurance coverage offered under subsection (a) the insurer's, health maintenance organization's, or affiliate's standard

individual or small group insurance underwriting and rating practices.

(c) The state does not provide funding for health insurance coverage received under this section.

Sec. 17. (a) The Indiana check-up plan trust fund is established for the following purposes:

- (1) Administering a plan created by the general assembly to provide health insurance coverage for low income residents of the state under this chapter.
- (2) Providing copayments, preventative care services, and premiums for individuals enrolled in the plan.
- (3) Funding tobacco use prevention and cessation programs, childhood immunization programs, and other health care initiatives designed to promote the general health and well being of Indiana residents.

The fund is separate from the state general fund.

(b) The fund shall be administered by the office of the secretary of family and social services.

(c) The expenses of administering the fund shall be paid from money in the fund.

(d) The fund shall consist of the following:

- (1) Cigarette tax revenues designated by the general assembly to be part of the fund.
- (2) Other funds designated by the general assembly to be part of the fund.
- (3) Federal funds available for the purposes of the fund.
- (4) Gifts or donations to the fund.

(e) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested.

(f) Money must be appropriated before funds are available for use.

(g) Money in the fund does not revert to the state general fund at the end of any fiscal year.

(h) The fund is considered a trust fund for purposes of IC 4-9.1-1-7. Money may not be transferred, assigned, or otherwise removed from the fund by the state board of finance, the budget agency, or any other state agency.

Sec. 18. (a) The office may not:

- (1) enroll applicants;
- (2) approve any contracts with vendors to provide services or administer the plan;
- (3) incur costs other than costs necessary to study and plan for the implementation of the plan; or
- (4) create financial obligations for the state;

unless both of the conditions of subsection (b) are satisfied.

(b) The office may not take any action described in subsection (a) unless:

- (1) there is a specific appropriation from the general assembly to implement the plan; and
- (2) after review by the budget committee, the budget agency approves an actuarial analysis that reflects a determination that sufficient funding is reasonably estimated to be available to operate the plan for at least the following five (5) years.

The actuarial analysis approved under subdivision (2) must clearly indicate the cost and revenue assumptions used in reaching the determination.

(c) The office may not operate the plan in a manner that would obligate the state to financial participation beyond the level of state appropriations authorized for the plan.

Sec. 19. (a) The office may adopt rules under IC 4-22-2 necessary to implement this chapter.

(b) The office may adopt emergency rules under IC 4-22-2-37.1 to implement the plan on an emergency basis.

(c) Notwithstanding IC 12-8-1-9 and IC 12-8-3, rules adopted under this section before January 1, 2009, are not subject to review or approval by the family and social services committee established by IC 12-8-3-2. This subsection expires December 31, 2009.

Sec. 20. (a) The office may establish a health insurance coverage premium assistance program for individuals who:

(1) have an annual household income of not more than two hundred percent (200%) of the federal income poverty level; and

(2) are eligible for health insurance coverage through an employer but can not afford the health insurance coverage premiums.

(b) A program established under this section must:

(1) contain eligibility requirements that are similar to the eligibility requirements of the plan;

(2) include a health care account as a component; and

(3) provide that an individual's payment:

(A) to a health care account; or

(B) for a health insurance coverage premium;

may not exceed five percent (5%) of the individual's annual income.

Sec. 21. A denial of federal approval and federal financial participation that applies to any part of this chapter does not prohibit the office from implementing any other part of this chapter that:

(1) is federally approved for federal financial participation; or

(2) does not require federal approval or federal financial participation.

SECTION 23. IC 12-16-3.5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. A ~~hospital shall~~ **provider may** provide a patient, and if the patient is not able to understand the statement, the patient's representative, with a statement of the eligibility and benefit standards adopted by the division if at least one (1) of the following occurs:

(1) The ~~hospital provider~~ has reason to believe that the patient may be indigent.

(2) The patient requests a statement of the standards.

SECTION 24. IC 12-16-4.5-1, AS AMENDED BY P.L.145-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) To receive assistance under the hospital care for the indigent program under this article, a ~~hospital; a physician; a transportation~~ provider, the

person, or the person's representative must file an application regarding the person with the division.

(b) Upon receipt of an application under subsection (a), the division shall determine whether the person is a resident of Indiana and, if so, the person's county of residence. If the person is a resident of Indiana, the division shall provide a copy of the application to the county office of the person's county of residence. If the person is not a resident of Indiana, the division shall provide a copy of the application to the county office of the county where the onset of the medical condition that necessitated the care occurred. If the division cannot determine whether the person is a resident of Indiana or, if the person is a resident of Indiana, the person's county of residence, the division shall provide a copy of the application to the county office of the county where the onset of the medical condition that necessitated the care occurred.

(c) A county office that receives a request from the division shall cooperate with the division in determining whether a person is a resident of Indiana and, if the person is a resident of Indiana, the person's county of residence.

SECTION 25. IC 12-16-4.5-2, AS AMENDED BY P.L.145-2005, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. A ~~hospital; physician; or transportation~~ provider must file the application with the division not more than forty-five (45) days after the person has been released or discharged from the hospital, unless the person is medically unable and the next of kin or legal representative is unavailable.

SECTION 26. IC 12-16-4.5-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) A patient must sign an application if the patient is medically able to sign.

(b) If a patient is medically unable to sign an application, the patient's next of kin or a legal representative, if available, may sign the application.

(c) If no person under subsections (a) and (b) is able to sign the application to file a timely application, a ~~hospital provider's~~ representative may sign the application instead of the patient.

SECTION 27. IC 12-16-4.5-8.5, AS ADDED BY P.L.145-2005, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8.5. A claim for ~~hospital items or services; physician services; or transportation~~ services must be filed with the division not more than one hundred eighty (180) days after the person who received the care has been released or discharged from the hospital. For good cause as determined by the division, this one hundred eighty (180) day limit may be extended or waived for a claim.

SECTION 28. IC 12-16-5.5-1, AS AMENDED BY P.L.145-2005, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) The division shall, upon receipt of an application of or for a person who was admitted to, or who was otherwise provided care by a ~~hospital; provider,~~ promptly investigate to determine the person's eligibility under the hospital care for the indigent program. The division shall consider the following information obtained by the ~~hospital provider~~ regarding the person:

- (1) Income.
- (2) Resources.
- (3) Place of residence.
- (4) Medical condition.
- ~~(5) Hospital care.~~
- ~~(6) (5) Physician care.~~
- ~~(7) (6) Transportation to and from the hospital.~~

The division may rely on the ~~hospital's~~ **provider's** information in determining the person's eligibility under the program.

(b) The division may choose not to interview the person if, based on the information provided to the division, the division determines that it appears that the person is eligible for the program. If the division determines that an interview of the person is necessary, the division shall allow the interview to occur by telephone with the person or with the person's representative if the person is not able to participate in the interview.

(c) The county office located in:

- (1) the county where the person is a resident; or
- (2) the county where the onset of the medical condition that necessitated the care occurred if the person's Indiana residency or Indiana county of residence cannot be determined;

shall cooperate with the division in determining the person's eligibility under the program.

SECTION 29. IC 12-16-5.5-1.2, AS ADDED BY P.L.145-2005, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1.2. (a) The division shall, upon receipt of a claim pertaining to a person:

- (1) who was ~~admitted to, or who was otherwise~~ provided care by a ~~hospital~~; **an eligible provider**; and
- (2) whose medical condition satisfies one (1) or more of the medical conditions identified in IC 12-16-3.5-1(a)(1) through IC 12-16-3.5-1(a)(3) or IC 12-16-3.5-2(a)(1) through IC 12-16-3.5-2(a)(3);

promptly review the claim to determine if the health care items or services identified in the claim were necessitated by the person's medical condition or, if applicable, if the items or services were a direct consequence of the person's medical condition.

(b) In conducting the review of a claim referenced in subsection (a), the division shall calculate the amount of the claim. For purposes of this section, IC 12-15-15-9, IC 12-15-15-9.5, IC 12-16-6.5, and IC 12-16-7.5, the amount of a claim shall be calculated in a manner described in IC 12-16-7.5-2.5(c).

SECTION 30. IC 12-16-5.5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) The ~~hospital providing~~ **provider of** medical care to a patient shall provide information the ~~hospital~~ **provider** has that would assist in the verification of indigency of a patient.

(b) A ~~hospital~~ **provider** that provides information under subsection (a) is immune from civil and criminal liability for divulging the information.

SECTION 31. IC 12-16-5.5-3, AS AMENDED BY P.L.145-2005, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) Subject to

subsection (b) and IC 12-16-6.5-1.5, if the division is unable after prompt and diligent efforts to verify information contained in the application that is reasonably necessary to determine eligibility, the division may deny assistance under the hospital care for the indigent program. The pending expiration of the period specified in IC 12-16-6.5-1.5 is not a valid reason for denying a person's eligibility for the hospital care for the indigent program.

(b) Before denying assistance under the hospital care for the indigent program, the division must provide the person **and** the ~~hospital~~; **and any other** provider who submitted a claim under IC 12-16-4.5-8.5 written notice of:

- (1) the specific information or verification needed to determine eligibility;
- (2) the specific efforts undertaken to obtain the information or verification; and
- (3) the statute or rule requiring the information or verification identified under subdivision (1).

(c) The division must provide the ~~hospital and any other~~ provider who submitted a claim under IC 12-16-4.5-8.5 a period of time, not less than ten (10) days beyond the deadline established under IC 12-16-6.5-1.5, to submit to the division information concerning the person's eligibility. If the division does not make a determination of the person's eligibility within ten (10) days after receiving the information under this subsection, the person is eligible without the division's determination of the person's eligibility for the hospital care for the indigent care program under this article.

SECTION 32. IC 12-16-5.5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. The division shall notify in writing the person and the ~~hospital~~ **provider** of the following:

- (1) A decision concerning eligibility.
- (2) The reasons for a denial of eligibility.
- (3) That either party has the right to appeal the decision.

SECTION 33. IC 12-16-6.5-1, AS AMENDED BY P.L.145-2005, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. If the division determines that a person is not eligible for assistance for ~~medical care, hospital care, or transportation~~ services, an affected person ~~physician, hospital, or transportation~~ provider may appeal to the division not later than ninety (90) days after the mailing of notice of that determination to the affected person ~~physician, hospital, or transportation~~ provider to the last known address of the person ~~physician, hospital, or transportation~~ provider.

SECTION 34. IC 12-16-6.5-1.2, AS ADDED BY P.L.145-2005, SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1.2. (a) If the division determines that an item or service identified in a claim:

- (1) was not necessitated by one (1) or more of the medical conditions listed in IC 12-16-3.5-1(a)(1) through IC 12-16-3.5-1(a)(3) or IC 12-16-3.5-2(a)(1) through IC 12-16-3.5-2(a)(3); or
- (2) was not a direct consequence of one (1) or more of the medical conditions listed in IC 12-16-3.5-1(a)(1) through

IC 12-16-3.5-1(a)(3);

the affected person ~~physician, hospital, and transportation~~ or provider may appeal to the division not later than ninety (90) days after the mailing of the notice of that determination to the affected person ~~physician, hospital, or transportation~~ provider to the last known address of the person ~~physician, hospital, or transportation~~ provider.

(b) If the division determines that an item or service identified in a claim:

(1) was necessitated by one (1) or more of the medical conditions listed in IC 12-16-3.5-1(a)(1) through IC 12-16-3.5-1(a)(3) or IC 12-16-3.5-2(a)(1) through IC 12-16-3.5-2(a)(3); or

(2) was a direct consequence of one (1) or more of the medical conditions listed in IC 12-16-3.5-1(a)(1) through IC 12-16-3.5-1(a)(3);

but the affected ~~physician, hospital, or transportation~~ provider disagrees with the amount of the claim calculated by the division under IC 12-16-5.5-1.2(b), the affected ~~physician, hospital, or transportation~~ provider may appeal the calculation to the division not later than ninety (90) days after the mailing of the notice of that calculation to the affected ~~physician, hospital, or transportation~~ provider to the last known address of the ~~physician, hospital, or transportation~~ provider.

SECTION 35. IC 12-16-6.5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. A notice of the hearing shall be served upon all persons interested in the matter, including any affected ~~physician, hospital, or transportation~~ provider, at least twenty (20) days before the time fixed for the hearing.

SECTION 36. IC 12-16-7.5-1.2, AS ADDED BY P.L.145-2005, SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1.2. (a) A person determined to be eligible under the hospital care for the indigent program is not financially obligated for ~~hospital items or services, physician services, or transportation~~ services provided to the person during the person's eligibility under the program, if the items or services were:

(1) identified in a claim filed with the division under IC 12-16-4.5; and

(2) determined:

(A) to have been necessitated by one (1) or more of the medical conditions listed in IC 12-16-3.5-1(a)(1) through IC 12-16-3.5-1(a)(3) or IC 12-16-3.5-2(a)(1) through IC 12-16-3.5-2(a)(3); or

(B) to be a direct consequence of one (1) or more of the medical conditions listed in IC 12-16-3.5-1(a)(1) through IC 12-16-3.5-1(a)(3).

(b) ~~Based on a hospital's items or services identified in a claim under subsection (a), the hospital~~ **Hospitals** may receive a payment from the office calculated and made under IC 12-15-15-9 and, if applicable, IC 12-15-15-9.5. **Hospitals shall not file claims for payments under IC 12-15-15-9 and IC 12-15-15-9.5 for payments attributable to state fiscal years beginning after June**

30, 2007.

(c) Based on a physician's services identified in a claim under subsection (a), the physician may receive a payment from the division calculated and made under section 5 of this chapter.

(d) Based on the transportation services identified in a claim under subsection (a), the transportation provider may receive a payment from the division calculated and made under section 5 of this chapter.

SECTION 37. IC 12-16-7.5-2.5, AS AMENDED BY P.L.1-2006, SECTION 189, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2.5. (a) Payable claims shall be segregated by state fiscal year.

(b) For purposes of this chapter, IC 12-15-15-9, IC 12-15-15-9.5, and IC 12-16-14, "payable claim" refers to the following:

(1) Subject to subdivision (2), a claim for payment for physician care, hospital care, or transportation services under this chapter:

(A) that includes, on forms prescribed by the division, all the information required for timely payment;

(B) that is for a period during which the person is determined to be financially and medically eligible for the hospital care for the indigent program; and

(C) for which the payment amounts for the care and services are determined by the division.

This subdivision applies for the state fiscal year ending June 30, 2004.

(2) For state fiscal years ending after June 30, 2004, **and before July 1, 2007**, a claim for payment for physician care, hospital care, or transportation services under this chapter:

(A) provided to a person under the hospital care for the indigent program under this article during the person's eligibility under the program;

(B) identified in a claim filed with the division; and

(C) determined to:

(i) have been necessitated by one (1) or more of the medical conditions listed in IC 12-16-3.5-1(a)(1) through IC 12-16-3.5-1(a)(3) or IC 12-16-3.5-2(a)(1) through IC 12-16-3.5-2(a)(3); or

(ii) be a direct consequence of one (1) or more of the medical conditions listed in IC 12-16-3.5-1(a)(1) through IC 12-16-3.5-1(a)(3).

(3) For state fiscal years beginning after June 30, 2007, a claim for payment for physician care or transportation services under this chapter:

(A) provided to a person under the hospital care for the indigent program under this article during the person's eligibility under the program;

(B) identified in a claim filed with the division; and

(C) determined to:

(i) be necessary after the onset of a medical condition that was manifested by symptoms of sufficient severity that the absence of immediate medical attention would probably result in any of the

outcomes described in IC 12-16-3.5-1(a)(1) through IC 12-16-3.5-1(a)(3) or IC 12-16-3.5-2(a)(1) through IC 12-16-3.5-2(a)(3); or

(ii) be a direct consequence of the onset of a medical condition that was manifested by symptoms of sufficient severity that the absence of immediate medical attention would probably result in any of the outcomes listed in IC 12-16-3.5-1(a)(1) through IC 12-16-3.5-1(a)(3).

(c) For purposes of this chapter, IC 12-15-15-9, IC 12-15-15-9.5, and IC 12-16-14, "amount" when used in regard to a claim or payable claim means an amount calculated under STEP THREE of the following formula:

STEP ONE: Identify the items and services identified in a claim or payable claim.

STEP TWO: Using the applicable Medicaid fee for service reimbursement rates, calculate the reimbursement amounts for each of the items and services identified in STEP ONE.

STEP THREE: Calculate the sum of the amounts identified in STEP TWO.

(d) For purposes of this chapter, IC 12-15-15-9, IC 12-15-15-9.5, and IC 12-16-14, a ~~physician, hospital, or transportation~~ provider that submits a claim to the division is considered to have submitted the claim during the state fiscal year during which the amount of the claim was determined under IC 12-16-5.5-1.2(b) or, if successfully appealed by a ~~physician, hospital, or transportation~~ provider, the state fiscal year in which the appeal was decided.

(e) The division shall determine the amount of a claim under IC 12-16-5.5-1.2(b).

SECTION 38. IC 12-16-7.5-4.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4.5. (a) Not later than October 31 following the end of each state fiscal year, the division shall:

(1) calculate for each county the total amount of payable claims submitted to the division during the state fiscal year attributed to:

(A) patients who were residents of the county; and

(B) patients:

(i) who were not residents of Indiana;

(ii) whose state of residence could not be determined by the division; and

(iii) who were residents of Indiana but whose county of residence in Indiana could not be determined by the division;

and whose medical condition that necessitated the care or service occurred in the county;

(2) notify each county of the amount of payable claims attributed to the county under the calculation made under subdivision (1); and

(3) with respect to payable claims attributed to a county under subdivision (1):

(A) calculate the total amount of payable claims submitted during the state fiscal year for:

(i) each hospital;

(ii) each physician; and

(iii) each transportation provider; and

(B) determine the amount of each payable claim for each hospital, physician, and transportation provider listed in clause (A).

(b) For the state fiscal years beginning after June 30, 2005, but before July 1, 2007, and before November 1 following the end of a state fiscal year, the division shall allocate the funds transferred from a county's hospital care for the indigent fund to the state hospital care for the indigent fund under IC 12-16-14 during or for the following state fiscal year years:

(1) For the state fiscal year ending June 30, 2006, as required under the following STEPS:

STEP ONE: Determine the total amount of funds transferred from all counties' hospital care for the indigent funds by the counties to the state hospital care for the indigent fund under IC 12-16-14 during or for the state fiscal year.

STEP TWO: Of the total amount of payable claims submitted to the division during the state fiscal year from all counties under subsection (a), determine the amount that is the lesser of:

(A) the amount of total physician payable claims and total transportation provider payable claims; or

(B) three million dollars (\$3,000,000).

The amount determined under this STEP shall be used by the division to make payments under section 5 of this chapter.

STEP THREE: Transfer an amount equal to the sum of:

(A) the non-federal share of the payments made under clause (A) of STEP FIVE of IC 12-15-15-1.5(b);

(B) the amount transferred under IC 12-15-20-2(8)(F); and

(C) the non-federal share of the payments made under IC 12-15-15-9 and IC 12-15-15-9.5;

to the Medicaid indigent care trust fund for funding the transfer to the office and the non-federal share of the payments identified in this STEP.

STEP FOUR: Transfer an amount equal to sixty-one million dollars (\$61,000,000) less the sum of:

(A) the amount determined in STEP TWO; and

(B) the amount transferred under STEP THREE;

to the Medicaid indigent care trust fund for funding the non-federal share of payments under clause (B) of STEP FIVE of IC 12-15-15-1.5(b).

STEP FIVE: Transfer to the Medicaid indigent care trust fund for the programs referenced at IC 12-15-20-2(8)(D)(vi) and funded in accordance with IC 12-15-20-2(8)(H) the amount determined under STEP ONE, less the sum of the amount:

(A) determined in STEP TWO;

(B) transferred in STEP THREE; and

(C) transferred in STEP FOUR.

(2) For the state fiscal year ending June 30, 2007, as required under the following steps:

STEP ONE: Determine the total amount of funds transferred from all counties' hospital care for the indigent funds by the counties to the state hospital care for the indigent fund under IC 12-16-14 during or for the state fiscal year.

STEP TWO: Of the total amount of payable claims submitted to the division during the state fiscal year from all counties under subsection (a), determine the amount that is the lesser of:

- (A) the amount of total physician payable claims and total transportation provider payable claims; or
- (B) three million dollars (\$3,000,000).

The amount determined under this STEP shall be used by the division for making payments under section 5 of this chapter or for the non-federal share of Medicaid payments for physicians and transportation providers, as determined by the office.

STEP THREE: Transfer an amount equal to the sum of:

- (A) the non-federal share of five million dollars (\$5,000,000) for the payment made under clause (A) of STEP FIVE of IC 12-15-15-1.5(b);
- (B) the amount transferred under IC 12-15-20-2(8)(F); and
- (C) the non-federal share of the payments made under IC 12-15-15-9 and IC 12-15-15-9.5;

to the Medicaid indigent care trust fund for funding the transfer to the office and the non-federal share of the payments identified in this STEP.

STEP FOUR: Transfer an amount equal to the amount determined under STEP ONE less the sum of:

- (A) the amount determined in STEP TWO; and
 - (B) the amount transferred under STEP THREE;
- to the Medicaid indigent care trust fund for funding the non-federal share of payments under clause (B) of STEP FIVE of IC 12-15-15-1.5(b).

(c) For the state fiscal years beginning after June 30, 2007, before November 1 following the end of the state fiscal year, the division shall allocate the funds transferred from a county's hospital care for the indigent fund to the state hospital care for the indigent fund under IC 12-16-14 during or for the state fiscal year as required under the following STEPS:

STEP ONE: Determine the total amount of funds transferred from a county's hospital care for the indigent fund by the county to the state hospital care for the indigent fund under IC 12-16-14 during or for the state fiscal year.

STEP TWO: Of the total amount of payable claims submitted to the division during the state fiscal year attributed to the county under subsection (a), determine the amount of total hospital payable claims, total physician payable claims, and total transportation provider payable claims. Of the amounts

determined for physicians and transportation providers, calculate the sum of those amounts as a percentage of an amount equal to the sum of the total payable physician claims and total payable transportation provider claims attributed to all the counties submitted to the division during the state fiscal year.

STEP THREE: Multiply three million dollars (\$3,000,000) by the percentage calculated under STEP TWO.

STEP FOUR: Transfer to the Medicaid indigent care trust fund for purposes of ~~IC 12-15-20-2(8)(D)~~ IC 12-15-20-2(8)(G) an amount equal to the amount calculated under STEP ONE, minus an amount equal to the amount calculated under STEP THREE.

STEP FIVE: The division shall retain an amount equal to the amount remaining in the state hospital care for the indigent fund after the transfer in STEP FOUR for purposes of making payments under section 5 of this chapter **or for the non-federal share of Medicaid payments for physicians and transportation providers, as determined by the office.**

(~~e~~) (d) The costs of administering the hospital care for the indigent program, including the processing of claims, shall be paid from the funds transferred to the state hospital care for the indigent fund.

SECTION 39. IC 12-16-7.5-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. Before December 15 following the end of each state fiscal year, the division shall, from the amounts combined from the counties' hospital care for the indigent funds and retained under section 4.5(b) ~~STEP FIVE~~ or 4.5(c) of this chapter, pay each physician and transportation provider a pro rata part of that amount. The total payments available under this section may not exceed three million dollars (\$3,000,000).

SECTION 40. IC 12-16-14-3, AS AMENDED BY P.L.246-2005, SECTION 111, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) ~~For purposes of this section, "payable claim" has the meaning set forth in IC 12-16-7.5-2.5(b)(1).~~

(~~b~~) For taxes first due and payable in 2003, each county shall impose a hospital care for the indigent property tax levy equal to the product of:

- (1) the county's hospital care for the indigent property tax levy for taxes first due and payable in 2002; multiplied by
- (2) the county's assessed value growth quotient determined under IC 6-1.1-18.5-2 for taxes first due and payable in 2003.

(~~c~~) (b) For taxes first due and payable in 2004, ~~2005, 2006, 2007, and 2008, and each year after 2004~~, each county shall impose a hospital care for the indigent property tax levy equal to the ~~product of:~~ **hospital care for the indigent program property tax levy for taxes first due and payable in the preceding calendar year, multiplied by the statewide average assessed value growth quotients determined under IC 6-1.1-18.5-2, for the year in which the tax levy under this subsection is first due and payable.**

(1) the county's hospital care for the indigent property tax levy for taxes first due and payable in the preceding year; multiplied by

(2) the assessed value growth quotient determined in the last STEP of the following STEPS:

STEP ONE: Determine the three (3) calendar years that most immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first become effective.

STEP TWO: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth) of the county's total assessed value of all taxable property in the particular calendar year, divided by the county's total assessed value of all taxable property in the calendar year immediately preceding the particular calendar year.

STEP THREE: Divide the sum of the three (3) quotients computed in STEP TWO by three (3):

(d) Except as provided in subsection (c):

(1) for taxes first due and payable in 2009; each county shall impose a hospital care for the indigent property tax levy equal to the average of the annual amount of payable claims attributed to the county under IC 12-16-7.5-4.5 during the state fiscal years beginning:

- (A) July 1, 2005;
- (B) July 1, 2006; and
- (C) July 1, 2007; and

(2) for all subsequent annual levies under this section; the average annual amount of payable claims attributed to the county under IC 12-16-7.5-4.5 during the three (3) most recently completed state fiscal years.

(e) A county may not impose an annual levy under subsection

(d) in an amount greater than the product of:

(1) The greater of:

- (A) the county's hospital care for the indigent property tax levy for taxes first due and payable in 2008; or
- (B) the amount of the county's maximum hospital care for the indigent property tax levy determined under this subsection for taxes first due and payable in the immediately preceding year; multiplied by

(2) the assessed value growth quotient determined in the last STEP of the following STEPS:

STEP ONE: Determine the three (3) calendar years that most immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first become effective.

STEP TWO: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth) of the county's total assessed value of all taxable property in the particular calendar year, divided by the county's total assessed value of all taxable property in the calendar year immediately preceding the particular calendar year.

STEP THREE: Divide the sum of the three (3) quotients

computed in STEP TWO by three (3):

SECTION 41. IC 12-17.6-3-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) To be eligible to enroll in the program, a child must meet the following requirements:

- (1) The child is less than nineteen (19) years of age.
- (2) The child is a member of a family with an annual income of:
 - (A) more than one hundred fifty percent (150%); and
 - (B) not more than ~~two~~ **three** hundred percent (~~200%~~; **300%**);
 of the federal income poverty level.
- (3) The child is a resident of Indiana.
- (4) The child meets all eligibility requirements under Title XXI of the federal Social Security Act.
- (5) The child's family agrees to pay any cost sharing amounts required by the office.

(b) The office may adjust eligibility requirements based on available program resources under rules adopted under IC 4-22-2.

SECTION 42. IC 12-17.6-3-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) Subject to subsection subsections (b) and (c), a child who is eligible for the program shall receive services from the program until the earlier of the following:

- (1) The child becomes financially ineligible.
- (2) The child becomes nineteen (19) years of age.

(b) Subsection (a) applies only if the child and the child's family comply with enrollment requirements.

(c) After a child who is less than three (3) years of age is determined to be eligible for the program, the child is not required to submit eligibility information more frequently than once in a twelve (12) month period until the child becomes three (3) years of age.

SECTION 43. IC 16-18-2-331.8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 331.8. "Small employer", for purposes of IC 16-46-13 has the meaning set forth in IC 16-3.1-31.2-3.**

SECTION 44. IC 16-46-13 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

Chapter 13. Small Employer Wellness Programs

Sec. 1. (a) The state department shall adopt rules under IC 4-22-2 to establish:

- (1) minimum standards for use by a small employer in establishing a wellness program to improve the health of employees of the small employer; and
- (2) criteria and a process for certification of a small employer's wellness program that meets the minimum standards established under subdivision (1) as a qualified wellness program for purposes of IC 6-3.1-31.2.

(b) The minimum standards established under subsection (a) must include a requirement that a wellness program provide rewards for employee:

- (1) appropriate weight loss;
- (2) smoking cessation; and
- (3) pursuit of preventative health care services.

Sec. 2. (a) A small employer may submit to the state department for certification a wellness program developed by the small employer.

(b) The state department shall review and, based on the criteria established under section 1 of this chapter, make a determination of whether to certify a wellness program submitted under subsection (a) as a qualified wellness program.

(c) If a wellness program is certified by the state department, the state department shall provide to the small employer a certificate reflecting that the wellness program is a qualified wellness program for purposes of IC 6-3.1-31.2.

SECTION 45. IC 27-8-5-2, AS AMENDED BY SEA 94-2007, SECTION 194, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) No individual policy of accident and sickness insurance shall be delivered or issued for delivery to any person in this state unless it complies with each of the following:

- (1) The entire money and other considerations for the policy are expressed in the policy.
- (2) The time at which the insurance takes effect and terminates is expressed in the policy.
- (3) The policy purports to insure only one (1) person, except that a policy ~~may~~ **must** insure, originally or by subsequent amendment, upon the application of any member of a family who shall be deemed the policyholder and who is at least eighteen (18) years of age, any two (2) or more eligible members of that family, including husband, wife, dependent children, or any children ~~under a specified age, which shall not exceed nineteen (19)~~ **who are less than twenty-four (24) years of age**, and any other person dependent upon the policyholder.
- (4) The style, arrangement, and overall appearance of the policy give no undue prominence to any portion of the text, and unless every printed portion of the text of the policy and of any endorsements or attached papers is plainly printed in lightface type of a style in general use, the size of which shall be uniform and not less than ten point with a lower-case unspaced alphabet length not less than one hundred and twenty point (the "text" shall include all printed matter except the name and address of the insurer, name or title of the policy, the brief description if any, and captions and subcaptions).
- (5) The exceptions and reductions of indemnity are set forth in the policy and, except those which are set forth in section 3 of this chapter, are printed, at the insurer's option, either included with the benefit provision to which they apply, or under an appropriate caption such as "EXCEPTIONS", or "EXCEPTIONS AND REDUCTIONS", provided that if an exception or reduction specifically applies only to a particular benefit of the policy, a statement of such exception or reduction shall be included with the benefit provision to which

it applies.

(6) Each such form of the policy, including riders and endorsements, shall be identified by a form number in the lower left-hand corner of the first page of the policy.

(7) The policy contains no provision purporting to make any portion of the charter, rules, constitution, or bylaws of the insurer a part of the policy unless such portion is set forth in full in the policy, except in the case of the incorporation of or reference to a statement of rates or classification of risks, or short-rate table filed with the commissioner.

(8) If an individual accident and sickness insurance policy or hospital service plan contract or medical service plan contract provides that hospital or medical expense coverage of a dependent child terminates upon attainment of the limiting age for dependent children specified in such policy or contract, the policy or contract must also provide that attainment of such limiting age does not operate to terminate the hospital and medical coverage of such child while the child is and continues to be both:

- (A) incapable of self-sustaining employment by reason of mental retardation or mental or physical disability; and
- (B) chiefly dependent upon the policyholder for support and maintenance.

Proof of such incapacity and dependency must be furnished to the insurer by the policyholder within thirty-one (31) days of the child's attainment of the limiting age. The insurer may require at reasonable intervals during the two (2) years following the child's attainment of the limiting age subsequent proof of the child's disability and dependency. After such two (2) year period, the insurer may require subsequent proof not more than once each year. The foregoing provision shall not require an insurer to insure a dependent who is a child who has mental retardation or a mental or physical disability where such dependent does not satisfy the conditions of the policy provisions as may be stated in the policy or contract required for coverage thereunder to take effect. In any such case the terms of the policy or contract shall apply with regard to the coverage or exclusion from coverage of such dependent. This subsection applies only to policies or contracts delivered or issued for delivery in this state more than one hundred twenty (120) days after August 18, 1969.

(b) If any policy is issued by an insurer domiciled in this state for delivery to a person residing in another state, and if the official having responsibility for the administration of the insurance laws of such other state shall have advised the commissioner that any such policy is not subject to approval or disapproval by such official, the commissioner may by ruling require that such policy meet the standards set forth in subsection (a) and in section 3 of this chapter.

(c) An insurer may issue a policy described in this section in electronic or paper form. However, the insurer shall:

- (1) inform the insured that the insured may request the policy in paper form; and
- (2) issue the policy in paper form upon the request of the insured.

SECTION 46. IC 27-8-5-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 16. Except as provided in sections 17 and 24 of this chapter, no policy of group accident and sickness insurance may be delivered or issued for delivery to a group that has a legal situs in Indiana unless it conforms to one (1) of the following descriptions:

(1) A policy issued to an employer or to the trustees of a fund established by an employer (which employer or trustees must be deemed the policyholder) to insure employees of the employer for the benefit of persons other than the employer, subject to the following requirements:

(A) The employees eligible for insurance under the policy must be all of the employees of the employer, or all of any class or classes of employees. The policy may provide that the term "employees" includes the employees of one (1) or more subsidiary corporations and the employees, individual proprietors, members, and partners of one (1) or more affiliated corporations, proprietorships, limited liability companies, or partnerships if the business of the employer and of the affiliated corporations, proprietorships, limited liability companies, or partnerships is under common control. The policy may provide that the term "employees" includes retired employees, former employees, and directors of a corporate employer. A policy issued to insure the employees of a public body may provide that the term "employees" includes elected or appointed officials.

(B) The premium for the policy must be paid either from the employer's funds, from funds contributed by the insured employees, or from both sources of funds. Except as provided in clause (C), a policy on which no part of the premium is to be derived from funds contributed by the insured employees must insure all eligible employees, except those who reject the coverage in writing.

(C) An insurer may exclude or limit the coverage on any person as to whom evidence of individual insurability is not satisfactory to the insurer.

(2) A policy issued to a creditor or its parent holding company or to a trustee or trustees or agent designated by two (2) or more creditors (which creditor, holding company, affiliate, trustee, trustees, or agent must be deemed the policyholder) to insure debtors of the creditor, or creditors, subject to the following requirements:

(A) The debtors eligible for insurance under the policy must be all of the debtors of the creditor or creditors, or all of any class or classes of debtors. The policy may provide that the term "debtors" includes:

- (i) borrowers of money or purchasers or lessees of goods, services, or property for which payment is arranged through a credit transaction;
- (ii) the debtors of one (1) or more subsidiary corporations; and
- (iii) the debtors of one (1) or more affiliated corporations, proprietorships, limited liability

companies, or partnerships if the business of the policyholder and of the affiliated corporations, proprietorships, limited liability companies, or partnerships is under common control.

(B) The premium for the policy must be paid either from the creditor's funds, from charges collected from the insured debtors, or from both sources of funds. Except as provided in clause (C), a policy on which no part of the premium is to be derived from the funds contributed by insured debtors specifically for their insurance must insure all eligible debtors.

(C) An insurer may exclude any debtors as to whom evidence of individual insurability is not satisfactory to the insurer.

(D) The amount of the insurance payable with respect to any indebtedness may not exceed the greater of the scheduled or actual amount of unpaid indebtedness to the creditor. The insurer may exclude any payments that are delinquent on the date the debtor becomes disabled as defined in the policy.

(E) The insurance may be payable to the creditor or any successor to the right, title, and interest of the creditor. Each payment under this clause must reduce or extinguish the unpaid indebtedness of the debtor to the extent of the payment, and any excess of the insurance must be payable to the insured or the estate of the insured.

(F) Notwithstanding clauses (A) through (E), insurance on agricultural credit transaction commitments may be written up to the amount of the loan commitment on a nondecreasing or level term plan, and insurance on educational credit transaction commitments may be written up to the amount of the loan commitment less the amount of any repayments made on the loan.

(3) A policy issued to a labor union or similar employee organization (which must be deemed to be the policyholder) to insure members of the union or organization for the benefit of persons other than the union or organization or any of its officials, representatives, or agents, subject to the following requirements:

(A) The members eligible for insurance under the policy must be all of the members of the union or organization, or all of any class or classes of members.

(B) The premium for the policy must be paid either from funds of the union or organization, from funds contributed by the insured members specifically for their insurance, or from both sources of funds. Except as provided in clause (C), a policy on which no part of the premium is to be derived from funds contributed by the insured members specifically for their insurance must insure all eligible members, except those who reject the coverage in writing.

(C) An insurer may exclude or limit the coverage on any person as to whom evidence of individual insurability is not satisfactory to the insurer.

(4) A policy issued to a trust or to one (1) or more trustees of a fund established or adopted by two (2) or more employers, or by one (1) or more labor unions or similar employee organizations, or by one (1) or more employers and one (1) or more labor unions or similar employee organizations (which trust or trustees must be deemed the policyholder) to insure employees of the employers or members of the unions or organizations for the benefit of persons other than the employers or the unions or organizations, subject to the following requirements:

(A) The persons eligible for insurance must be all of the employees of the employers or all of the members of the unions or organizations, or all of any class or classes of employees or members. The policy may provide that the term "employees" includes the employees of one (1) or more subsidiary corporations and the employees, individual proprietors, and partners of one (1) or more affiliated corporations, proprietorships, limited liability companies, or partnerships if the business of the employer and of the affiliated corporations, proprietorships, limited liability companies, or partnerships is under common control. The policy may provide that the term "employees" includes retired employees, former employees, and directors of a corporate employer. The policy may provide that the term "employees" includes the trustees or their employees, or both, if their duties are principally connected with the trusteeship.

(B) The premium for the policy must be paid from funds contributed by the employer or employers of the insured persons, by the union or unions or similar employee organizations, or by both, or from funds contributed by the insured persons or from both the insured persons and one (1) or more employers, unions, or similar employee organizations. Except as provided in clause (C), a policy on which no part of the premium is to be derived from funds contributed by the insured persons specifically for their insurance must insure all eligible persons, except those who reject the coverage in writing.

(C) An insurer may exclude or limit the coverage on any person as to whom evidence of individual insurability is not satisfactory to the insurer.

(5) A policy issued to an association or to a trust or to one (1) or more trustees of a fund established, created, or maintained for the benefit of members of one (1) or more associations. The association or associations must have at the outset a minimum of one hundred (100) persons, must have been organized and maintained in good faith for purposes other than that of obtaining insurance, must have been in active existence for at least one (1) year, and must have a constitution and bylaws that provide that the association or associations hold regular meetings not less than annually to further purposes of the members, that, except for credit unions, the association or associations collect dues or solicit contributions from members, and that the members have

voting privileges and representation on the governing board and committees. The policy must be subject to the following requirements:

(A) The policy may insure members or employees of the association or associations, employees of members, one (1) or more of the preceding, or all of any class or classes of members, employees, or employees of members for the benefit of persons other than the employee's employer.

(B) The premium for the policy must be paid from funds contributed by the association or associations, by employer members, or by both, from funds contributed by the covered persons, or from both the covered persons and the association, associations, or employer members.

(C) Except as provided in clause (D), a policy on which no part of the premium is to be derived from funds contributed by the covered persons specifically for the insurance must insure all eligible persons, except those who reject such coverage in writing.

(D) An insurer may exclude or limit the coverage on any person as to whom evidence of individual insurability is not satisfactory to the insurer.

(6) A policy issued to a credit union, or to one (1) or more trustees or an agent designated by two (2) or more credit unions (which credit union, trustee, trustees, or agent must be deemed the policyholder) to insure members of the credit union or credit unions for the benefit of persons other than the credit union or credit unions, trustee, trustees, or agent, or any of their officials, subject to the following requirements:

(A) The members eligible for insurance must be all of the members of the credit union or credit unions, or all of any class or classes of members.

(B) The premium for the policy shall be paid by the policyholder from the credit union's funds and, except as provided in clause (C), must insure all eligible members.

(C) An insurer may exclude or limit the coverage on any member as to whom evidence of individual insurability is not satisfactory to the insurer.

(7) A policy issued to cover persons in a group specifically described by another law of Indiana as a group that may be covered for group life insurance. The provisions of the group life insurance law relating to eligibility and evidence of insurability apply to a group health policy to which this subdivision applies.

(8) A policy issued to a trustee or agent designated by two (2) or more small employers (as defined in IC 27-8-15-14) as determined by the commissioner under rules adopted under IC 4-22-2.

SECTION 47. IC 27-8-5-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 17. (a) A group accident and sickness insurance policy shall not be delivered or issued for delivery in Indiana to a group that is not described in section 16(1)(A), 16(2)(A), 16(3)(A), 16(4)(A), 16(5)(A), 16(6)(A), ~~or~~ 16(7), **or 16(8)** of this chapter unless the commissioner finds that:

- (1) the issuance of the policy is not contrary to the best interest of the public;
- (2) the issuance of the policy would result in economies of acquisition or administration; and
- (3) the benefits of the policy are reasonable in relation to the premiums charged.

(b) Except as otherwise provided in this chapter, an insurer may exclude or limit the coverage under a policy described in subsection (a) on any person as to whom evidence of individual insurability is not satisfactory to the insurer.

SECTION 48. IC 27-8-5-28 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 28. A policy of accident and sickness insurance may not be issued, delivered, amended, or renewed unless the policy provides for coverage of a child of the policyholder or certificate holder, upon request of the policyholder or certificate holder, until the date that the child becomes twenty-four (24) years of age.**

SECTION 49. IC 27-8-10.1 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

Chapter 10.1. High Risk Indiana Check-Up Plan Participants

Sec. 1. As used in this chapter, "association" means the Indiana comprehensive health insurance association established by IC 27-8-10-2.1.

Sec. 2. As used in this chapter, "participant" means an individual entitled to coverage under the plan.

Sec. 3. As used in this chapter, "plan" refers to the Indiana check-up plan established by IC 12-15-44-3.

Sec. 4. (a) The association shall administer the plan for participants who are referred to the association by the office of the secretary of family and social services.

(b) Coverage under the plan is separate from the coverage provided under IC 27-8-10.

(c) The following apply to the administration of the plan under this chapter:

(1) Only participants referred by the office of the secretary of family and social services are eligible for plan coverage administered under this chapter.

(2) Plan coverage administered under this chapter must provide medical management services.

(d) A participant who is referred to the association under subsection (a) shall participate in medical management services provided under this chapter.

SECTION 50. IC 27-13-7-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 3. (a) A contract referred to in section 1 of this chapter must clearly state the following:**

- (1) The name and address of the health maintenance organization.
- (2) Eligibility requirements.
- (3) Benefits and services within the service area.
- (4) Emergency care benefits and services.
- (5) Any out-of-area benefits and services.

- (6) Copayments, deductibles, and other out-of-pocket costs.
- (7) Limitations and exclusions.
- (8) Enrollee termination provisions.
- (9) Any enrollee reinstatement provisions.
- (10) Claims procedures.
- (11) Enrollee grievance procedures.
- (12) Continuation of coverage provisions.
- (13) Conversion provisions.
- (14) Extension of benefit provisions.
- (15) Coordination of benefit provisions.
- (16) Any subrogation provisions.
- (17) A description of the service area.
- (18) The entire contract provisions.
- (19) The term of the coverage provided by the contract.
- (20) Any right of cancellation of the group or individual contract holder.
- (21) Right of renewal provisions.
- (22) Provisions regarding reinstatement of a group or an individual contract holder.
- (23) Grace period provisions.
- (24) A provision on conformity with state law.
- (25) A provision or provisions that comply with the:

(A) guaranteed renewability; and

(B) group portability;

requirements of the federal Health Insurance Portability and Accountability Act of 1996 (26 U.S.C. 9801(c)(1)).

(26) That the contract provides, upon request of the subscriber, coverage for a child of the subscriber until the date the child becomes twenty-four (24) years of age.

(b) For purposes of subsection (a), an evidence of coverage which is filed with a contract may be considered part of the contract.

SECTION 51. IC 34-30-2-45.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 45.7. IC 12-16-5.5-2 (Concerning hospitals providers for providing information verifying indigency of patient).**

SECTION 52. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2007]: IC 12-15-15-9.8; IC 12-15-20.7-3; IC 12-16-2.5-6.5; IC 12-16-8.5; IC 12-16-12.5.

SECTION 53. [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)] **IC 6-3.1-31 and IC 6-3.1-31.2, both as added by this act, apply only to taxable years beginning after December 31, 2006.**

SECTION 54. [EFFECTIVE JULY 1, 2007] **Notwithstanding IC 6-7-1-14, revenue stamps paid for before July 1, 2007, and in the possession of a distributor may be used after June 30, 2007, only if the full amount of the tax imposed by IC 6-7-1-12, as effective after June 30, 2007, and as amended by this act, is remitted to the department of state revenue under the procedures prescribed by the department.**

SECTION 55. [EFFECTIVE UPON PASSAGE] (a) **As used in this SECTION, "office" refers to the office of Medicaid policy and planning established by IC 12-8-6-1.**

(b) The office shall apply to the United States Department of Health and Human Services for any amendment to the state

Medicaid plan or demonstration waiver that is needed to provide for presumptive eligibility for a pregnant woman described in IC 12-15-2-13, as amended by this act.

(c) The office may not implement the amendment or waiver until the office files an affidavit with the governor attesting that the amendment or waiver applied for under this SECTION is in effect. The office shall file the affidavit under this subsection not more than five (5) days after the office is notified that the amendment or waiver is approved.

(d) If the office receives approval for the amendment or waiver under this SECTION from the United States Department of Health and Human Services and the governor receives the affidavit filed under subsection (c), the office shall implement the amendment or waiver not more than sixty (60) days after the governor receives the affidavit.

(e) The office may adopt rules under IC 4-22-2 to implement this SECTION.

SECTION 56. [EFFECTIVE JULY 1, 2007] (a) IC 27-8-5-2, as amended by this act, and IC 27-8-5-28, as added by this act, apply to a policy of accident and sickness insurance that is issued, delivered, amended, or renewed after June 30, 2007.

(b) IC 27-13-7-3, as amended by this act, applies to a health maintenance organization contract that is entered into, delivered, amended, or renewed after June 30, 2007.

SECTION 57. [EFFECTIVE JULY 1, 2007] (a) The definitions in IC 12-15-44, as added by this act, apply to this SECTION.

(b) As used in this SECTION, "task force" refers to the Indiana check-up plan task force established by subsection (c).

(c) The Indiana check-up plan task force is established to:

- (1) study, monitor, provide guidance, and make recommendations to the state concerning the Indiana check-up plan;
- (2) develop methods to increase availability of affordable coverage for health care services for all Indiana residents;
- (3) develop an education and orientation program for individuals participating in the plan; and
- (4) make recommendations to the legislative council.

(d) The affirmative votes of a majority of the voting members appointed to the task force are required for the task force to take action on any measure, including final reports.

(e) The office of Medicaid policy and planning established by IC 12-8-6-1 shall staff the task force.

(f) The task force consists of the following voting members:

- (1) Four (4) members described in subsection (g)(1) through (g)(4) appointed by the speaker of the house of representatives, two (2) of whom are appointed based on the recommendation of the minority leader of the house of representatives and none of whom are legislators.
- (2) Four (4) members described in subsection (g)(5) through (g)(8) appointed by the president pro tempore of the senate, two (2) of whom are appointed based on the recommendation of the minority leader of the senate and none of whom are legislators.

(3) Four (4) members described in subsection (g)(9) through (g)(12) appointed by the governor, not more than two (2) of whom are members of the same political party.

(g) The members appointed under subsection (f) must represent the following interests:

- (1) Hospitals.
- (2) Insurance companies.
- (3) Primary care providers.
- (4) Health professionals who are not primary care providers.
- (5) Minority health concern experts.
- (6) Business.
- (7) Organized labor.
- (8) Consumers.
- (9) Children's health issues.
- (10) Adult health issues.
- (11) Mental health issues.
- (12) Pharmaceutical industry.

(h) The secretary of the office of the secretary of family and social services shall call the first meeting of the task force, at which the members shall elect the chairperson of the task force.

(i) The task force shall report findings and make recommendations to the governor and to the legislative council in an electronic format under IC 5-14-6 as follows:

- (1) A report not later than November 1, 2008.
- (2) A final report not later than November 1, 2009.

(j) The task force members are not eligible for per diem reimbursement or reimbursement for expenses incurred for travel to and from task force meetings.

(k) This SECTION expires December 31, 2009.

SECTION 58. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "office" refers to the office of Medicaid policy and planning established by IC 12-8-6-1.

(b) The office shall apply to the United States Department of Health and Human Services for approval of a Section 1115 demonstration waiver or a Medicaid state plan amendment to develop and implement the following:

- (1) Health insurance coverage program to cover individuals who meet the following requirements:
 - (A) The individual is at least eighteen (18) years of age and less than sixty-five (65) years of age.
 - (B) The individual is a United States citizen and has been a resident of Indiana for at least twelve (12) months.
 - (C) The individual has an annual household income of not more than two hundred percent (200%) of the federal income poverty level.
 - (D) The individual is not eligible for health insurance coverage through the individual's employer.
 - (E) The individual has been without health insurance coverage for at least six (6) months or is without health insurance coverage because of a change in employment.

(2) A premium assistance program described in IC 12-15-44-20, as added by this act.

(c) The office shall include in the waiver application or state plan amendment a request to fund the program in part by using:

- (1) enhanced federal financial participation; and
- (2) hospital care for the indigent dollars, upper payment limit dollars, or disproportionate share hospital dollars.

(d) The office may not implement the waiver or state plan amendment until the office:

- (1) files an affidavit with the governor attesting that the federal waiver or amendment applied for under this SECTION is in effect; and
- (2) has sufficient funding for the program.

The office shall file the affidavit under this subsection not later than five (5) days after the office is notified that the waiver or amendment is approved.

(e) The office may adopt rules under IC 4-22-2 necessary to implement this SECTION.

(f) This SECTION expires December 31, 2013.

SECTION 59. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "office" refers to the office of Medicaid policy and planning established by IC 12-8-6-1.

(b) The office shall apply to the United States Department of Health and Human Services for approval of an amendment to the state's Medicaid plan that is necessary to do the following:

- (1) Amend the state's upper payment limit program.
- (2) Make changes to the state's disproportionate share hospital program.

(c) The office may not implement an approved amendment to the state plan until the office files an affidavit with the governor attesting that the state plan amendment applied for under subsection (b)(1) or (b)(2) of this SECTION is in effect. The office shall file the affidavit under this subsection not later than five (5) days after the office is notified that the state plan amendment is approved.

(d) The office may adopt rules under IC 4-22-2 necessary to implement this SECTION.

(e) This SECTION expires December 31, 2013.

SECTION 60. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "commission" refers to the health finance commission established by IC 2-5-23-3.

(b) As used in this SECTION, "office" refers to the office of Medicaid policy and planning established by IC 12-8-6-1.

(c) The office shall report to the commission during the 2007 interim, updating the commission on the status of the development and implementation of the Indiana check-up plan established by IC 12-15-44-3, as added by this act.

(d) The commission shall, during the 2007 interim of the general assembly, study the following:

- (1) Whether the acute care hospital in Gary, Indiana, should be converted from a private corporation to a county hospital, a municipal hospital, or other governmental hospital. In considering whether a conversion should occur, the commission shall consider

the following:

(A) Whether the conversion would result in better quality care that would be sufficient to meet the needs of the community.

(B) Whether the hospital's finances would be improved.

(C) The legal requirements to convert the hospital.

(2) Ways in which the state and other entities can encourage physicians to practice in rural and county hospitals.

(3) The manner in which a not-for-profit hospital can be converted into a county or municipal hospital.

(4) Federal guidelines concerning county hospitals and intergovernmental transfers.

(5) A prohibition against smoking in public places in Indiana.

(6) Mechanisms for providing programs to provide health care coverage for uninsured individuals in Indiana.

(7) Review of the use of sources of funding for Medicaid reimbursement and implications for the uses of the funding sources.

(e) This SECTION expires December 31, 2008.

SECTION 61. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "small employer" means any person, firm, corporation, limited liability company, partnership, or association actively engaged in business who, on at least fifty percent (50%) of the working days of the employer during the preceding calendar year, employed at least two (2) but not more than fifty (50) eligible employees, the majority of whom work in Indiana. In determining the number of eligible employees, companies that are affiliated companies or that are eligible to file a combined tax return for purposes of state taxation are considered one (1) employer.

(b) The commissioner of the department of insurance and the office of the secretary of family and social services may implement a program to allow two (2) or more small employers to join together to purchase health insurance, as described in IC 27-8-5-16(8), as amended by this act.

(c) The commissioner shall adopt rules under IC 4-22-2 necessary to implement this SECTION.

SECTION 62. [EFFECTIVE JULY 1, 2007] (a) There is annually transferred from the state general fund to the Indiana tobacco use prevention and cessation trust fund established by IC 4-12-4-10 one million two hundred thousand dollars (\$1,200,000) on a schedule determined by the office of management and budget. The transfer shall be treated as part of the amount described in IC 6-7-1-28.1(7), as added by this act. There is annually appropriated to the Indiana tobacco use prevention and cessation executive board one million two hundred thousand dollars (\$1,200,000) from the state general fund for the purpose of tobacco education, prevention, and use control. The appropriation under this subsection is in addition to any other appropriation made by the general assembly to the Indiana tobacco use prevention and cessation executive board.

(b) There is appropriated from the Indiana check-up plan trust fund established by IC 12-15-44-17, as added by this act, for the period beginning July 1, 2007, and ending June 30, 2008, eleven million dollars (\$11,000,000) to the state department of health for use in childhood immunization programs. On June 30, 2008, the state department shall transfer to the Indiana check-up plan trust fund any unexpended funds appropriated to the state department under this subsection.

(c) There is appropriated from the Indiana check-up plan trust fund established by IC 12-15-44-17, as added by this act, for the period beginning July 1, 2008, and ending June 30, 2009, eleven million dollars (\$11,000,000) to the state department of health for use in childhood immunization programs. On June 30, 2009, the state department shall transfer to the Indiana check-up plan trust fund any unexpended funds appropriated to the state department under this subsection.

(d) The money in the Indiana check-up plan trust fund established by IC 12-15-44-17, as added by this act, is appropriated to the office of the secretary of family and social services for the period beginning July 1, 2007, and ending June 30, 2009, for the purposes of the fund.

Section 63. **An emergency is declared for this act.**

(Reference is to EHB 1678 as printed March 23, 2007.)

C. Brown, Chair	Miller
T. Brown	Simpson
House Conferees	Senate Conferees

"Shall the question be now put?" On the motion of Senator Hershman, the previous question prevailed.

Roll Call 553: yeas 37, nays 13. Report adopted.

CONFERENCE COMMITTEE REPORT

EHB 1461-1

Madam President: Your Conference Committee appointed to confer with a like committee from the House upon Engrossed Senate Amendments to Engrossed House Bill 1461 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 6-3-1-3.5, AS AMENDED BY P.L.184-2006, SECTION 3, AND AS AMENDED BY P.L.162-2006, SECTION 24, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3.5. When used in this article, the term "adjusted gross income" shall mean the following:

(a) In the case of all individuals, "adjusted gross income" (as defined in Section 62 of the Internal Revenue Code), modified as follows:

(1) Subtract income that is exempt from taxation under this

article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(3) Subtract one thousand dollars (\$1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars (\$1,000).

(4) Subtract one thousand dollars (\$1,000) for:

(A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;

(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract:

(A) for taxable years beginning after December 31, 2004, one thousand five hundred dollars (\$1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code for taxable years beginning after ~~December 31, 1996~~ (as effective January 1, 2004); and

(B) five hundred dollars (\$500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars (\$40,000).

This amount is in addition to the amount subtracted under subdivision (4).

(6) Subtract an amount equal to the lesser of:

(A) that part of the individual's adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for that taxable year that is subject to a tax that is imposed by a political subdivision of another state and that is imposed on or measured by income; or

(B) two thousand dollars (\$2,000).

(7) Add an amount equal to the total capital gain portion of a lump sum distribution (as defined in Section 402(e)(4)(D) of the Internal Revenue Code) if the lump sum distribution is received by the individual during the taxable year and if the capital gain portion of the distribution is taxed in the manner provided in Section 402 of the Internal Revenue Code.

(8) Subtract any amounts included in federal adjusted gross income under Section 111 of the Internal Revenue Code as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(9) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

(10) Add an amount equal to the deduction allowed under Section 221 of the Internal Revenue Code for married couples

filing joint returns if the taxable year began before January 1, 1987.

(11) Add an amount equal to the interest excluded from federal gross income by the individual for the taxable year under Section 128 of the Internal Revenue Code if the taxable year began before January 1, 1985.

(12) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

(13) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

(14) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

(15) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

(16) For taxable years beginning after December 31, 1999, subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.

(17) Subtract an amount equal to the lesser of:

(A) for a taxable year:

(i) including any part of 2004, the amount determined under subsection (f); and

(ii) beginning after December 31, 2004, two thousand five hundred dollars (\$2,500); or

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

(18) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.

(19) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(20) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(21) Add or subtract the amount necessary to make the

adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(22) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(23) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the individual's federal adjusted gross income under the Internal Revenue Code.

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code.

(3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue

Code for federal income tax purposes.

(9) Add to the extent required by IC 6-3-2-20 the amount of intangible expenses (as defined in IC 6-3-2-20) and any directly related intangible interest expenses (as defined in IC 6-3-2-20) for the taxable year that reduced the corporation's taxable income (as defined in Section 63 of the Internal Revenue Code) for federal income tax purposes.

(10) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the corporation's taxable income under the Internal Revenue Code.

(c) In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 or Section 810 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(9) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the insurance company's taxable

income under the Internal Revenue Code.

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(9) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the insurance company's taxable income under the Internal Revenue Code.

(e) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim of the September 11 terrorist attack.

(3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(4) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(6) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(7) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the taxpayer's taxable income under the Internal Revenue Code.

(f) This subsection applies only to the extent that an individual paid property taxes in 2004 that were imposed for the March 1, 2002, assessment date or the January 15, 2003, assessment date. The maximum amount of the deduction under subsection (a)(17) is equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the amount of property taxes that the taxpayer paid after December 31, 2003, in the taxable year for property taxes imposed for the March 1, 2002, assessment date and the January 15, 2003, assessment date.

STEP TWO: Determine the amount of property taxes that the taxpayer paid in the taxable year for the March 1, 2003, assessment date and the January 15, 2004, assessment date.

STEP THREE: Determine the result of the STEP ONE amount divided by the STEP TWO amount.

STEP FOUR: Multiply the STEP THREE amount by two thousand five hundred dollars (\$2,500).

STEP FIVE: Determine the sum of the STEP FOUR amount and two thousand five hundred dollars (\$2,500).

SECTION 2. IC 6-3-2-21.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 21.7. (a) This section applies to a qualified patent issued to a taxpayer after December 31, 2007.

(b) As used in this section, "invention" has the meaning set forth in 35 U.S.C. 100(a).

(c) As used in this section, "qualified patent" means:

(1) a utility patent issued under 35 U.S.C. 101; or

(2) a plant patent issued under 35 U.S.C. 161;

after December 31, 2007, for an invention resulting from a development process conducted in Indiana. The term does not include a design patent issued under 35 U.S.C. 171.

(d) As used in this section, "qualified taxpayer" means a taxpayer that on the effective filing date of the claimed invention:

(1) is either:

(A) an individual or corporation, if the number of employees of the individual or corporation, including affiliates as specified in 13 CFR 121.103, does not exceed five hundred (500) persons; or

(B) a nonprofit organization or nonprofit corporation as specified in:

(i) 37 CFR 1.27(a)(3)(ii)(A) or 37 CFR 1.27(a)(3)(ii)(B); or

(ii) IC 23-17; and

(2) is domiciled in Indiana.

(e) Subject to subsections (g) and (h), in determining adjusted gross income or taxable income under IC 6-3-1-3.5 or IC 6-5.5-1-2, a qualified taxpayer is entitled to an exemption from taxation under IC 6-3-1 through IC 6-3-7 for the following:

(1) Licensing fees or other income received for the use of a qualified patent.

(2) Royalties received for the infringement of a qualified patent.

(3) Receipts from the sale of a qualified patent.

(4) Subject to subsection (f), income from the taxpayer's own use of the taxpayer's qualified patent to produce the claimed invention.

(f) The exemption provided by subsection (e)(4) may not exceed the fair market value of the licensing fees or other income that would be received by allowing use of the qualified taxpayer's qualified patent by someone other than the taxpayer. The fair market value referred to in this subsection must be determined in each taxable year in which the qualified taxpayer claims an exemption under subsection (e)(4).

(g) The total amount of exemptions claimed under this section by a qualified taxpayer in a taxable year may not exceed five million dollars (\$5,000,000).

(h) A taxpayer may not claim an exemption under this section with respect to a particular qualified patent for more than ten (10) taxable years. Subject to the provisions of this section, the following amount of the income, royalties, or receipts described in subsection (e) from a particular qualified patent is exempt:

(1) Fifty percent (50%) for each of the first five (5) taxable years in which the exemption is claimed for the qualified patent.

(2) Forty percent (40%) for the sixth taxable year in which the exemption is claimed for the qualified patent.

(3) Thirty percent (30%) for the seventh taxable year in which the exemption is claimed for the qualified patent.

(4) Twenty percent (20%) for the eighth taxable year in which the exemption is claimed for the qualified patent.

(5) Ten percent (10%) each year for the ninth and tenth taxable year in which the exemption is claimed for the qualified patent.

(6) No exemption under this section for the particular qualified patent after the eleventh taxable year in which the exemption is claimed for the qualified patent.

(i) To receive the exemption provided by this section, a qualified taxpayer must claim the exemption on the qualified taxpayer's annual state tax return or returns in the manner prescribed by the department. The qualified taxpayer shall submit to the department all information that the department determines is necessary for the determination of the exemption provided by this section.

(j) On or before December 1 of each year, the department shall provide an evaluation report to the legislative council, the budget committee, and the Indiana economic development corporation. The evaluation report must contain the following:

(1) The number of taxpayers claiming an exemption under this section.

(2) The sum of all the exemptions claimed under this section.

(3) The North American Industry Classification System code for each taxpayer claiming an exemption under this section.

(4) Any other information the department considers appropriate, including the number of qualified patents for which an exemption was claimed under this section.

The report required under this subsection must be in an electronic format under IC 5-14-6.

SECTION 3. IC 6-3.1-1-3, AS ADDED BY P.L.199-2005, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: Sec. 3. A taxpayer (as defined in the following laws), pass through entity (as defined in the following laws), or shareholder, partner, or member of a pass through entity may not be granted more than one (1) tax credit under the following laws for the same project:

(1) IC 6-3.1-10 (enterprise zone investment cost credit).

(2) IC 6-3.1-11 (industrial recovery tax credit).

(3) IC 6-3.1-11.5 (military base recovery tax credit).

(4) IC 6-3.1-11.6 (military base investment cost credit).

(5) IC 6-3.1-13.5 (capital investment tax credit).

(6) IC 6-3.1-19 (community revitalization enhancement district tax credit).

(7) IC 6-3.1-24 (venture capital investment tax credit).

(8) IC 6-3.1-26 (Hoosier business investment tax credit).

(9) **IC 6-3.1-31.9 (Hoosier alternative fuel vehicle manufacturer tax credit).**

If a taxpayer, pass through entity, or shareholder, partner, or member of a pass through entity has been granted more than one (1) tax credit for the same project, the taxpayer, pass through entity, or shareholder, partner, or member of a pass through entity must elect to apply only one (1) of the tax credits in the manner and form

prescribed by the department.

SECTION 4. IC 6-3.1-31.9 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]:

Chapter 31.9. Hoosier Alternative Fuel Vehicle Manufacturer Tax Credit

Sec. 1. As used in this chapter, "alternative fuel" means:

- (1) methanol, denatured ethanol, and other alcohols;
- (2) mixtures containing eighty-five percent (85%) or more by volume of methanol, denatured ethanol, and other alcohols with gasoline or other fuel;
- (3) natural gas;
- (4) liquefied petroleum gas;
- (5) hydrogen;
- (6) coal-derived liquid fuels;
- (7) non-alcohol fuels derived from biological material;
- (8) P-Series fuels; or
- (9) electricity.

Sec. 2. As used in this chapter, "alternative fuel vehicle" means any vehicle designed to operate on at least one (1) alternative fuel.

Sec. 3. As used in this chapter, "the corporation" means the Indiana economic development corporation established by IC 5-28-3-1.

Sec. 4. As used in this chapter, "director" has the meaning set forth in IC 6-3.1-13-3.

Sec. 5. As used in this chapter, "highly compensated employee" has the meaning set forth in Section 414(q) of the Internal Revenue Code.

Sec. 6. As used in this chapter, "new employee" has the meaning set forth in IC 6-3.1-13-6.

Sec. 7. As used in this chapter, "qualified investment" means the amount of a taxpayer's expenditures in Indiana that are reasonable and necessary for the manufacture or assembly of alternative fuel vehicles, including:

- (1) the purchase of new telecommunications, production, manufacturing, fabrication, assembly, finishing, distribution, transportation, or logistical distribution equipment, jigs, dies, or fixtures;
- (2) the purchase of new computers and related equipment;
- (3) costs associated with the modernization of existing telecommunications, production, manufacturing, fabrication, assembly, finishing, distribution, transportation, or logistical distribution facilities;
- (4) onsite infrastructure improvements;
- (5) the construction of new telecommunications, production, manufacturing, fabrication, assembly, finishing, distribution, transportation, or logistical distribution facilities;
- (6) costs associated with retooling existing machinery and equipment;
- (7) costs associated with the construction of special purpose buildings, pits, and foundations; and

(8) costs associated with the purchase of machinery, equipment, or special purpose buildings used to manufacture or assemble alternative fuel vehicles; that are certified by the corporation under this chapter as being eligible for the credit under this chapter.

Sec. 8. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

- (1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
- (2) IC 6-5.5 (the financial institutions tax); and
- (3) IC 27-1-18-2 (the insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 9. As used in this chapter, "taxpayer" means an individual, a corporation, a partnership, or other entity that has state tax liability.

Sec. 10. The corporation may make credit awards under this chapter to:

- (1) foster job creation and higher wages;
- (2) reduce dependency upon energy sources imported into the United States; and
- (3) reduce air pollution as the result of the manufacture or assembly of alternative fuel vehicles in Indiana.

Sec. 11. A taxpayer that:

- (1) is awarded a tax credit under this chapter by the corporation; and
- (2) complies with the conditions set forth in this chapter and the agreement entered into by the corporation and the taxpayer under this chapter;

is entitled to a credit against the taxpayer's state tax liability in a taxable year.

Sec. 12. The total amount of a tax credit claimed for a taxable year under this chapter is a percentage determined by the corporation, not to exceed fifteen percent (15%) of the amount of a qualified investment made by the taxpayer in Indiana during that taxable year. The taxpayer may carry forward any unused credit.

Sec. 13. (a) A taxpayer may carry forward an unused credit for the number of years determined by the corporation, not to exceed nine (9) consecutive taxable years, beginning with the taxable year after the taxable year in which the taxpayer makes the qualified investment.

(b) The amount that a taxpayer may carry forward to a particular taxable year under this section equals the unused part of a credit allowed under this chapter.

(c) A taxpayer may:

- (1) claim a tax credit under this chapter for a qualified investment; and
- (2) carry forward a remainder for one (1) or more different qualified investments;

in the same taxable year.

(d) The total amount of each tax credit claimed under this chapter may not exceed fifteen percent (15%) of the qualified investment for which the tax credit is claimed.

Sec. 14. A person that proposes a project to manufacture or assemble alternative fuel vehicles that would create new jobs, increase wage levels, or involve substantial capital investment in Indiana may apply to the corporation before the taxpayer makes the qualified investment to enter into an agreement for a tax credit under this chapter. The corporation shall prescribe the form of the application.

Sec. 15. After receipt of an application, the corporation may enter into an agreement with the applicant for a credit under this chapter if the corporation determines that all the following conditions exist:

- (1) The applicant's project will raise the total earnings of employees of the applicant in Indiana.
- (2) The applicant's project is economically sound and will benefit the people of Indiana by increasing opportunities for employment and strengthening the economy of Indiana.
- (3) The manufacture or assembly of alternative fuel vehicles by the applicant will reduce air pollution.
- (4) The manufacture or assembly of alternative fuel vehicles by the applicant will reduce dependence by the United States on foreign energy sources.
- (5) Receiving the tax credit is a major factor in the applicant's decision to go forward with the project.
- (6) Awarding the tax credit will result in an overall positive fiscal impact to the state, as certified by the budget agency using the best available data.
- (7) The credit is not prohibited by section 16 of this chapter.
- (8) The average wage that will be paid by the taxpayer to its employees (excluding highly compensated employees) at the location after the credit is given will be at least equal to one hundred fifty percent (150%) of the hourly minimum wage under IC 22-2-2-4 or its equivalent.

Sec. 16. A person is not entitled to claim the credit provided by this chapter for any jobs that the person relocates from one (1) site in Indiana to another site in Indiana. Determinations under this section shall be made by the corporation.

Sec. 17. The corporation shall certify the amount of the qualified investment that is eligible for a credit under this chapter. In determining the credit amount that should be awarded, the corporation shall grant a credit only for the amount of the qualified investment that is directly related to expanding:

- (1) the workforce in Indiana; or
- (2) the capital investment in Indiana.

Sec. 18. The corporation shall enter into an agreement with an applicant that is awarded a credit under this chapter. The agreement must include all the following:

- (1) A detailed description of the project that is the subject of the agreement.
- (2) The first taxable year for which the credit may be claimed.
- (3) The amount of the taxpayer's state tax liability for each tax in the taxable year of the taxpayer that

immediately preceded the first taxable year in which the credit may be claimed.

(4) The maximum tax credit amount that will be allowed for each taxable year.

(5) A requirement that the taxpayer shall maintain operations at the project location for at least ten (10) years during the term that the tax credit is available.

(6) A specific method for determining the number of new employees employed during a taxable year who are performing jobs not previously performed by an employee.

(7) A requirement that the taxpayer shall annually report to the corporation the number of new employees who are performing jobs not previously performed by an employee, the average wage of the new employees, the average wage of all employees at the location where the qualified investment is made, and any other information the director needs to perform the director's duties under this chapter.

(8) A requirement that the director is authorized to verify with the appropriate state agencies the amounts reported under subdivision (7), and that after doing so shall issue a certificate to the taxpayer stating that the amounts have been verified.

(9) A requirement that the taxpayer shall pay an average wage to all its employees other than highly compensated employees in each taxable year that a tax credit is available that equals at least one hundred fifty percent (150%) of the hourly minimum wage under IC 22-2-2-4 or its equivalent.

(10) A requirement that the taxpayer will keep the qualified investment property that is the basis for the tax credit in Indiana for at least the lesser of its useful life for federal income tax purposes or ten (10) years.

(11) A requirement that the taxpayer will maintain at the location where the qualified investment is made during the term of the tax credit a total payroll that is at least equal to the payroll level that existed before the qualified investment was made.

(12) A requirement that the taxpayer shall provide written notification to the director and the corporation not more than thirty (30) days after the taxpayer makes or receives a proposal that would transfer the taxpayer's state tax liability obligations to a successor taxpayer.

(13) Any other performance conditions that the corporation determines are appropriate.

Sec. 19. A taxpayer claiming a credit under this chapter shall submit to the department of state revenue a copy of the director's certificate of verification under this chapter for the taxable year. However, failure to submit a copy of the certificate does not invalidate a claim for a credit.

Sec. 20. If the director determines that a taxpayer who has received a credit under this chapter is not complying with the requirements of the tax credit agreement or all the provisions

of this chapter, the director shall, after giving the taxpayer an opportunity to explain the noncompliance, notify the Indiana economic development corporation and the department of state revenue of the noncompliance and request an assessment. The department of state revenue, with the assistance of the director, shall state the amount of the assessment, which may not exceed the sum of any previously allowed credits under this chapter. After receiving the notice, the department of state revenue shall make an assessment against the taxpayer under IC 6-8.1.

Sec. 21. On or before March 31 each year, the director shall submit a report to the corporation on the tax credit program under this chapter. The report must include information on the number of agreements that were entered into under this chapter during the preceding calendar year, a description of the project that is the subject of each agreement, an update on the status of projects under agreements entered into before the preceding calendar year, and the sum of the credits awarded under this chapter. A copy of the report shall be transmitted in an electronic format under IC 5-14-6 to the executive director of the legislative services agency for distribution to the members of the general assembly.

Sec. 22. On a biennial basis, the corporation shall provide for an evaluation of the tax credit program. The evaluation must include an assessment of the effectiveness of the program in creating new jobs and increasing wages in Indiana and of the revenue impact of the program and may include a review of the practices and experiences of other states with similar programs. The director shall submit a report on the evaluation to the governor, the president pro tempore of the senate, and the speaker of the house of representatives after June 30 and before November 1 in each odd-numbered year. The report provided to the president pro tempore of the senate and the speaker of the house of representatives must be in an electronic format under IC 5-14-6.

Sec. 23. (a) This chapter applies to taxable years beginning after December 31, 2006.

(b) Notwithstanding the other provisions of this chapter, the corporation may not approve a credit for a qualified investment made after December 31, 2012. However, this section may not be construed to prevent a taxpayer from carrying an unused tax credit attributable to a qualified investment made before January 1, 2012, forward to a taxable year beginning after December 31, 2011, in the manner provided by section 13 of this chapter.

SECTION 5. IC 6-5.5-1-2, AS AMENDED BY P.L.246-2005, SECTION 75, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 2. (a) Except as provided in subsections (b) through (d), "adjusted gross income" means taxable income as defined in Section 63 of the Internal Revenue Code, adjusted as follows:

(1) Add the following amounts:

(A) An amount equal to a deduction allowed or allowable under Section 166, Section 585, or Section 593 of the Internal Revenue Code.

(B) An amount equal to a deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(C) An amount equal to a deduction or deductions allowed or allowable under Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by a state of the United States or levied at the local level by any subdivision of a state of the United States.

(D) The amount of interest excluded under Section 103 of the Internal Revenue Code or under any other federal law, minus the associated expenses disallowed in the computation of taxable income under Section 265 of the Internal Revenue Code.

(E) An amount equal to the deduction allowed under Section 172 or 1212 of the Internal Revenue Code for net operating losses or net capital losses.

(F) For a taxpayer that is not a large bank (as defined in Section 585(c)(2) of the Internal Revenue Code), an amount equal to the recovery of a debt, or part of a debt, that becomes worthless to the extent a deduction was allowed from gross income in a prior taxable year under Section 166(a) of the Internal Revenue Code.

(G) Add the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(H) Add the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(I) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(2) Subtract the following amounts:

(A) Income that the United States Constitution or any statute of the United States prohibits from being used to measure the tax imposed by this chapter.

(B) Income that is derived from sources outside the United States, as defined by the Internal Revenue Code.

(C) An amount equal to a debt or part of a debt that becomes worthless, as permitted under Section 166(a) of the Internal Revenue Code.

(D) An amount equal to any bad debt reserves that are included in federal income because of accounting method changes required by Section 585(c)(3)(A) or Section 593 of the Internal Revenue Code.

(E) The amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation.

(F) The amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(G) Income that is:

- (i) exempt from taxation under IC 6-3-2-21.7; and**
- (ii) included in the taxpayer's taxable income under the Internal Revenue Code.**

(b) In the case of a credit union, "adjusted gross income" for a taxable year means the total transfers to undivided earnings minus dividends for that taxable year after statutory reserves are set aside under IC 28-7-1-24.

(c) In the case of an investment company, "adjusted gross income" means the company's federal taxable income multiplied by the quotient of:

- (1) the aggregate of the gross payments collected by the company during the taxable year from old and new business upon investment contracts issued by the company and held by residents of Indiana; divided by
- (2) the total amount of gross payments collected during the taxable year by the company from the business upon investment contracts issued by the company and held by persons residing within Indiana and elsewhere.

(d) As used in subsection (c), "investment company" means a person, copartnership, association, limited liability company, or corporation, whether domestic or foreign, that:

- (1) is registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.); and
- (2) solicits or receives a payment to be made to itself and issues in exchange for the payment:
 - (A) a so-called bond;
 - (B) a share;
 - (C) a coupon;
 - (D) a certificate of membership;
 - (E) an agreement;
 - (F) a pretended agreement; or
 - (G) other evidences of obligation;

entitling the holder to anything of value at some future date,

if the gross payments received by the company during the taxable year on outstanding investment contracts, plus interest and dividends earned on those contracts (by prorating the interest and dividends earned on investment contracts by the same proportion that certificate reserves (as defined by the Investment Company Act of 1940) is to the company's total assets) is at least fifty percent (50%) of the company's gross payments upon investment contracts plus gross income from all other sources except dividends from subsidiaries for the taxable year. The term "investment contract" means an instrument listed in clauses (A) through (G).

SECTION 6. IC 6-9-2-2, AS AMENDED BY P.L.168-2005, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) The revenue received by the county treasurer under this chapter shall be allocated to the Lake County convention and visitor bureau, Indiana University-Northwest, Purdue University-Calumet, municipal public safety departments, municipal physical and economic development divisions, and the cities and towns in the county as provided in this section. Subsections (b) through (g) do not apply to the distribution of revenue received under section 1 of this chapter from hotels, motels, inns, tourist camps, tourist cabins, and other lodgings or accommodations built or refurbished after June 30, 1993, that are located in the largest city of the county.

(b) The Lake County convention and visitor bureau shall establish a convention, tourism, and visitor promotion fund (referred to in this chapter as the "promotion fund"). The county treasurer shall transfer to the Lake County convention and visitor bureau for deposit in the promotion fund thirty-five percent (35%) of the first one million two hundred thousand dollars (\$1,200,000) of revenue received from the tax imposed under this chapter in each year. The promotion fund consists of:

- (1) money in the promotion fund on June 30, 2005;
- (2) revenue deposited in the promotion fund under this subsection after June 30, 2005; and
- (3) investment income earned on the promotion fund's assets.

Money in the ~~promotion fund bureau's funds~~ may be expended ~~only~~ to promote and encourage conventions, trade shows, special events, recreation, and visitors. ~~within the county~~. Money may be paid from the promotion fund by claim in the same manner as municipalities may pay claims under IC 5-11-10-1.6.

(c) This subsection applies to the first one million two hundred thousand dollars (\$1,200,000) of revenue received from the tax imposed under this chapter in each year. During each year, the county treasurer shall transfer to Indiana University-Northwest forty-four and thirty-three hundredths percent (44.33%) of the revenue received under this chapter for that year to be used as follows:

- (1) Seventy-five percent (75%) of the revenue received under this subsection may be used only for the university's medical education programs.
- (2) Twenty-five percent (25%) of the revenue received under this subsection may be used only for the university's allied health education programs.

~~The amount for each year shall be transferred in four (4) approximately equal quarterly installments.~~

(d) This subsection applies to the first one million two hundred thousand dollars (\$1,200,000) of revenue received from the tax imposed under this chapter in each year. During each year, the county treasurer shall allocate among the cities and towns throughout the county nine percent (9%) of the revenue received under this chapter for that year ~~The amount of each city's or town's allocation is as follows:~~

- (1) Ten percent (10%) of the revenue covered by this subsection shall be ~~transferred distributed~~ to cities having a population of more than ninety thousand (90,000) but less than one hundred five thousand (105,000).
- (2) Ten percent (10%) of the revenue covered by this subsection shall be ~~transferred distributed~~ to cities having a population of more than seventy-five thousand (75,000) but less than ninety thousand (90,000).
- (3) Ten percent (10%) of the revenue covered by this subsection shall be ~~transferred distributed~~ to cities having a population of more than thirty-two thousand (32,000) but less than thirty-two thousand eight hundred (32,800).
- (4) ~~Five Seventy~~ percent (~~5%~~) (**70%**) of the revenue covered by this subsection shall be ~~transferred distributed in equal amounts~~ to each town and each city not receiving a ~~transfer distribution~~ under subdivisions (1) through (3).

The money ~~transferred distributed~~ under this subsection may be used only for **tourism and** economic development projects. The county treasurer shall make the ~~transfers distributions~~ on or before December 1 of each year.

(e) This subsection applies to the first one million two hundred thousand dollars (\$1,200,000) of revenue received from the tax imposed under this chapter in each year. During each year, the county treasurer shall transfer to Purdue University-Calumet nine percent (9%) of the revenue received under this chapter for that year. The money received by Purdue University-Calumet may be used by the university only for nursing education programs.

(f) This subsection applies to the first one million two hundred thousand dollars (\$1,200,000) of revenue received from the tax imposed under this chapter in each year. During each year, the county treasurer shall transfer two and sixty-seven hundredths percent (2.67%) of the revenue received under this chapter for that year to the following cities:

- (1) Fifty percent (50%) of the revenue covered by this subsection shall be transferred to cities having a population of more than ninety thousand (90,000) but less than one hundred five thousand (105,000).
- (2) Fifty percent (50%) of the revenue covered by this subsection shall be transferred to cities having a population of more than seventy-five thousand (75,000) but less than ninety thousand (90,000).

Money transferred under this subsection may be used only for convention facilities located within the city. In addition, the money may be used only for facility marketing, sales, and public relations programs. Money transferred under this subsection may not be used

for salaries, facility operating costs, or capital expenditures related to the convention facilities. The county treasurer shall make the transfers on or before December 1 of each year.

(g) This subsection applies to the revenue received from the tax imposed under this chapter in each year that exceeds one million two hundred thousand dollars (\$1,200,000). During each year, the county treasurer shall distribute money in the promotion fund as follows:

(1) Eighty-five percent (85%) of the revenue covered by this subsection shall be deposited in the convention, tourism, and visitor promotion fund. The money deposited in the fund under this subdivision may be used only for the purposes for which other money in the fund may be used.

(2) Five percent (5%) of the revenue covered by this subsection shall be transferred to Purdue University-Calumet. The money received by Purdue University-Calumet under this subdivision may be used by the university only for nursing education programs.

(3) Five percent (5%) of the revenue covered by this subsection shall be transferred to Indiana University-Northwest. The money received by Indiana University-Northwest under this subdivision may be used only for the university's medical education programs.

(4) Five percent (5%) of the revenue covered by this subsection shall be transferred to Indiana University-Northwest. The money received by Indiana University-Northwest under this subdivision may be used only for the university's allied health education programs.

~~(h) The county treasurer may estimate the amount that will be received under this chapter for the year to determine the amount to be transferred under this section.~~

~~(i) (h)~~ This subsection applies only to the distribution of revenue received from the tax imposed under section 1 of this chapter from hotels, motels, inns, tourist camps, tourist cabins, and other lodgings or accommodations built or refurbished after June 30, 1993, that are located in the largest city of the county. During each year, the county treasurer shall transfer:

(1) seventy-five percent (75%) of the revenues under this subsection to the department of public safety; and

(2) twenty-five percent (25%) of the revenues under this subsection to the division of physical and economic development;

of the largest city of the county.

~~(j) (i)~~ The Lake County convention and visitor bureau shall assist the county treasurer, as needed, with the calculation of the amounts that must be deposited and transferred under this section.

SECTION 7. IC 6-9-2-3, AS AMENDED BY P.L.168-2005, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) For purposes of this section, the size of a political subdivision is based on the population determined in the last federal decennial census.

(b) A convention and visitor bureau having fifteen (15) members is created to promote the development and growth of the convention, tourism, and visitor industry in the county.

(c) The executives (as defined by IC 36-1-2-5) of the eight (8) largest municipalities (as defined by IC 36-1-2-11) in the county shall each appoint one (1) member to the bureau. The legislative body (as defined in IC 36-1-2-9) of the two (2) largest municipalities in the county shall each appoint one (1) member to the bureau.

(d) The county council shall appoint two (2) members to the bureau. One (1) of the appointees must be a resident of the largest township in the county, and one (1) of the appointees must be a resident of the second largest township in the county.

(e) The county commissioners shall appoint two (2) members to the bureau. Each appointee must be a resident of the fifth, sixth, seventh, eighth, ninth, tenth, or eleventh largest township in the county. These appointees must be residents of different townships.

(f) The lieutenant governor shall appoint one (1) member to the bureau.

(g) One (1) of the appointees under subsection (d) and one (1) of the appointees under subsection (e) must be members of the political party that received the highest number of votes in the county in the last preceding election for the office of secretary of state. One (1) of the appointees under subsection (d) and one (1) of the appointees under subsection (e) must be members of the political party that received the second highest number of votes in the county in the election for that office. No appointee under this section may hold an elected or appointed political office while ~~he~~ **serves** serving on the bureau.

(h) In making appointments under this section, the appointing authority shall give sole consideration to individuals who ~~shall be~~ **are** knowledgeable and interested about or employed as **executives or managers** in at least one (1) of the following businesses in the county:

- (1) Hotel.
- (2) Motel.
- (3) Restaurant.
- (4) Travel.
- (5) Transportation.
- (6) Convention.
- (7) Trade show.
- (8) A riverboat licensed under IC 4-33.**
- (9) Banking.**
- (10) Real estate.**
- (11) Construction.**

However, an individual employed by a riverboat may not be appointed under this section unless the individual holds a Level 1 occupational license issued under IC 4-33-8. This subsection does not apply to board members appointed before July 1, 2007, who are eligible for reappointment after June 30, 2007.

(i) All terms of office of bureau members begin on July 1. Members of the bureau serve terms of three (3) years. A member whose term expires may be reappointed to serve another term. If a vacancy occurs, the appointing authority shall appoint a qualified person to serve for the remainder of the term. If an appointment is not made before July 16 or a vacancy is not filled within thirty (30) days, the member appointed by the lieutenant governor under

subsection (f) shall appoint a qualified person.

(j) A member of the bureau may be removed for cause by the member's appointing authority.

(k) Members of the bureau may not receive a salary. However, bureau members are entitled to reimbursement for necessary expenses incurred in the performance of their respective duties.

(l) Each bureau member, before entering the member's duties, shall take an oath of office in the usual form, to be endorsed upon the member's certificate of appointment and promptly filed with the clerk of the circuit court of the county.

(m) The bureau shall meet after July 1 each year for the purpose of organization. The bureau shall elect a chairman from its members. The bureau shall also elect from its members a vice chairman, a secretary, and a treasurer. The members serving in those offices shall perform the duties pertaining to the offices. The first officers chosen shall serve until their successors are elected and qualified. A majority of the bureau constitutes a quorum, and the concurrence of a majority of those present is necessary to authorize any action.

(n) If the county and one (1) or more adjoining counties desire to establish a joint bureau, the counties shall enter into an agreement under IC 36-1-7. ~~In the absence of such an agreement, the bureau may not expend funds to promote activities in any other county.~~

(o) Notwithstanding any other law, any bureau member appointed as of January 1, 2007, is eligible for reappointment.

SECTION 8. IC 6-9-2-4, AS AMENDED BY P.L.168-2005, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) The bureau may:

- (1) accept and use gifts, grants, and contributions from any public or private source, under terms and conditions that the bureau considers necessary and desirable;
- (2) sue and be sued;
- (3) enter into contracts and agreements;
- (4) make rules necessary for the conduct of its business and the accomplishment of its purposes;
- (5) receive and approve, alter, or reject requests and proposals for funding by corporations qualified under subdivision (6);
- (6) after its approval of a proposal, transfer money from the promotion fund or from the alternate revenue fund to any Indiana nonprofit corporation to promote and encourage conventions, trade shows, visitors, or special events in the county;
- (7) require financial or other reports from any corporation that receives funds under this chapter;
- (8) enter into leases under IC 36-1-10 for the construction, acquisition, and equipping of a visitor center; and
- (9) exercise the power of eminent domain to acquire property to promote and encourage conventions, trade shows, special events, recreation, and visitors within the county.

(b) All expenses of the bureau shall be paid from ~~the promotion fund~~: **funds established by the bureau.** Before September 1 of each year, the bureau shall prepare a budget for expenditures ~~from the promotion fund~~ during the following year, taking into

consideration the recommendations made by a corporation qualified under subsection (a)(6). **A budget prepared under this section must be submitted to the department of local government finance and placed on file with the county auditor.**

(c) All money in the ~~promotion fund~~ **bureau's funds** shall be deposited, held, secured, invested, and paid in accordance with statutes relating to the handling of public funds. The handling and expenditure of money in the ~~promotion fund~~ **is bureau's funds** are subject to audit and supervision by the state board of accounts.

SECTION 9. IC 6-9-2-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) The legislative body of a county that imposes a tax under section 1 of this chapter shall annually prepare a report concerning the disbursement and use of the money collected under this chapter **during the preceding calendar year.** The report shall be prepared before ~~December~~ **March** 15 each year and shall be made available to the public.

(b) If in any year an entity receiving money under this chapter fails to provide the county legislative body with sufficient information, as reasonably requested by the county legislative body:

(1) for the county legislative body to comply with this section; and

(2) before the date specified by the county legislative body; the county legislative body may direct the county treasurer by resolution to stop deposits and transfers under this chapter to the entity. When an entity provides the information that is the subject of the resolution, the county legislative body shall as soon as practicable direct the county treasurer, by resolution, to resume making deposits and transfers to the entity, including any deposits and transfers that would otherwise have been made to the entity during the time that deposits and transfers were stopped under this subsection. A copy of a resolution adopted under this subsection must be distributed to the county treasurer and the entity that is the subject of the resolution within ten (10) business days after the resolution is adopted. The county treasurer shall comply with a resolution adopted under this subsection.

SECTION 10. IC 6-9-2-11 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 11. The bureau created under section 3 of this chapter is a political subdivision for purposes of IC 34-13-3.**

SECTION 11. [EFFECTIVE JANUARY 1, 2008] **(a) IC 6-3-1-3.5 and IC 6-5.5-1-2, both as amended by this act, apply only to taxable years beginning after December 31, 2007, for patents issued after December 31, 2007.**

(b) IC 6-3-2-21.7, as added by this act, applies only to taxable years beginning after December 31, 2007.

(c) The department of state revenue may adopt rules and prescribe forms to implement IC 6-3-2-21.7, as added by this act.

SECTION 12. **An emergency is declared for this act.**
(Reference is to EHB 1461 as reprinted April 6, 2007.)

Kuzman, Chair	Ford
Bosma	Broden
House Conferees	Senate Conferees

Roll Call 554: yeas 50, nays 0. Report adopted.

CONFERENCE COMMITTEE REPORT

ESB 339-1

Madam President: Your Conference Committee appointed to confer with a like committee from the House upon Engrossed House Amendments to Engrossed Senate Bill 339 respectfully reports that said two committees have conferred and agreed as follows to wit: that the Senate recede from its dissent from all House amendments and that the Senate now concur in all House amendments to the bill and that the bill be further amended as follows:

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 7.1-1-3-18.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 18.5. (a) "Grocery store" means a store or part of a store that meets the following requirements:**

(1) The establishment is known generally as:

(A) a supermarket, grocery store, or delicatessen, and is primarily engaged in the retail sale of a general food line, which may include:

- (i) canned and frozen foods;**
- (ii) fresh fruits and vegetables; and**
- (iii) fresh and prepared meats, fish, and poultry;**

(B) a convenience store or food mart (except as provided in subsection (b)) and is primarily engaged in:

- (i) the retail sale of a line of goods that may include milk, bread, soda, and snacks; or**
- (ii) the retail sale of automotive fuels and the retail sale of a line of goods that may include milk, bread, soda, and snacks;**

(C) a warehouse club, superstore, supercenter, or general merchandise store and is primarily engaged in the retail sale of a general line of groceries or gourmet foods in combination with general lines of new merchandise, which may include apparel, furniture, and appliances; or

(D) a specialty or gourmet food store primarily engaged in the retail sale of miscellaneous specialty foods not for immediate consumption and not made on the premises, not including:

- (i) meat, fish, and seafood;**
- (ii) fruits and vegetables;**
- (iii) confections, nuts, and popcorn; and**
- (iv) baked goods.**

(2) The establishment meets the minimum requirement under IC 7.1-3-5-5 for annual gross sales of food for human consumption that are exempt from the state gross

retail tax.

(b) The term does not include an establishment known generally as a gas station (except as provided in subsection (a)(1)(B)) that is primarily engaged in:

- (1) the retail sale of automotive fuels, which may include diesel fuel, gasohol, or gasoline; or**
- (2) the retail sale of automotive fuels, which may include diesel fuel, gasohol, or gasoline and activities that may include providing repair service, selling automotive oils, replacement parts, and accessories, or providing food services.**

SECTION 2. IC 7.1-2-4-13.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 13.5. (a) This section does not apply to a designated member of a local board who is an employee or officer of the commission.**

(b) A local board member shall complete a training program conducted by the commission. A local board member may not be required to take a test or examination or pay a fee in order to complete the training program.

(c) The training program must include training on all of the following subjects:

- (1) An overview of Indiana alcoholic beverage law and enforcement.**
- (2) Duties and responsibilities of the board concerning new permit applications, permit transfers, and renewal of existing permits.**
- (3) The open door law (IC 5-14-1.5) and the public records law (IC 5-14-3).**
- (4) Notice and hearing requirements.**
- (5) The process for appeal of an adverse decision of the board.**
- (6) Any other subject determined by the commission.**

(d) A local board member must complete the training program not more than one hundred eighty (180) days after the member is appointed to the board. A local board member who does not complete the training program within the time allowed by this subsection shall be removed from the board under section 21 of this chapter.

SECTION 3. IC 7.1-2-4-22 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 22. A local board shall allow all individuals attending a public local board meeting or hearing to make oral comments at the meeting or hearing regarding the subject of the meeting or hearing. However, a local board may set a reasonable limit on the amount of time allowed to each individual to provide oral comment.**

SECTION 4. IC 7.1-2-5-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 8. ~~Forfeiture to State:~~ An officer who makes an arrest for a violation of the provisions of this title shall seize the evidence of the commission of that violation, including any vehicle, automobile, boat, air or water craft, or other conveyance in which alcohol, alcoholic beverages, or malt articles are kept, possessed, or transported contrary to law, or contrary to a rule or regulation of the commission. The articles and**

vehicles mentioned in this section and in ~~IC 1971-7.1-2-5-5-7.1-2-5-7~~, **sections 5 through 7 of this chapter** are hereby declared forfeited to the state and shall be seized.

SECTION 5. IC 7.1-3-1-14, AS AMENDED BY P.L.165-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. (a) It is lawful for an appropriate permittee, unless otherwise specifically provided in this title, to sell alcoholic beverages each day Monday through Saturday from 7 a.m., prevailing local time, until 3 a.m., prevailing local time, the following day. Sales shall cease wholly on Sunday at 3 a.m., prevailing local time, and not be resumed until the following Monday at 7 a.m., prevailing local time.

(b) **Except as provided in subsection (f)**, it is lawful for the holder of a retailer's permit to sell the appropriate alcoholic beverages for consumption on the licensed premises only on Sunday from 10 a.m., prevailing local time, until 12:30 a.m., prevailing local time, the following day.

(c) It is lawful for the holder of a permit under this article to sell alcoholic beverages at athletic or sports events held on Sunday upon premises that:

- (1) are described in section 25(a) of this chapter;
- (2) are a facility used in connection with the operation of a paved track more than two (2) miles in length that is used primarily in the sport of auto racing; or
- (3) are being used for a professional or an amateur tournament;

beginning one (1) hour before the scheduled starting time of the event or, if the scheduled starting time of the event is 1 p.m. or later, beginning at noon.

(d) It is lawful for the holder of a valid beer, wine, or liquor wholesaler's permit to sell to the holder of a valid retailer's or dealer's permit at any time.

(e) Notwithstanding subsection (b), if December 31 (New Year's Eve) is on a Sunday, it is lawful for the holder of a retailer's permit to sell the appropriate alcoholic beverages on Sunday, December 31, from 10 a.m., prevailing local time, until 3 a.m., prevailing local time, the following day.

(f) **The governor may, by issuing an executive order, waive the hours of service restrictions under subsection (b) on a one (1) time basis if the following criteria are satisfied:**

- (1) **The state or a municipality, or both, are hosting a public event that has the potential to benefit the state and local economy and bring prestige to the state.**
- (2) **The event would involve at least forty thousand (40,000) people concentrated in one (1) area.**
- (3) **If the hours of service restrictions under subsection (b) were not waived, it would potentially present negative economic consequences for retailers.**
- (4) **The state or a municipality, or both, would potentially risk losing the opportunity to host the event because of the hours of service restriction under subsection (b).**

This subsection shall be narrowly construed and applies only for the period designated in the executive order.

SECTION 6. IC 7.1-3-1.5-2, AS ADDED BY P.L.161-2005,

SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. As used in this chapter, "dealer permittee" means a person who holds a liquor dealer permit. ~~under IC 7.1-3-10 for a package liquor store.~~

SECTION 7. IC 7.1-3-2-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. The holder of a brewer's permit or an out-of-state brewer holding either a primary source of supply permit or an out-of-state brewer's permit may do the following:

- (1) Manufacture beer.
- (2) Place beer in containers or bottles.
- (3) Transport beer.
- (4) Sell and deliver beer to a person holding a beer wholesaler's permit issued under IC 7.1-3-3.
- (5) If the brewer's brewery manufactures not more than twenty thousand (20,000) barrels of beer in a calendar year, do the following:

(A) Sell and deliver beer to a person holding a retailer or a dealer permit under this title.

(B) Be the proprietor of a restaurant.

(C) Hold a beer retailer's permit, a wine retailer's permit, or a liquor retailer's permit for a restaurant established under clause (B).

(D) Transfer beer directly from the brewery to the restaurant by means of:

(i) bulk containers; or

(ii) a continuous flow system.

(E) Install a window between the brewery and an adjacent restaurant that allows the public and the permittee to view both premises.

(F) Install a doorway or other opening between the brewery and an adjacent restaurant that provides the public and the permittee with access to both premises.

(G) Sell the brewery's beer by the glass for consumption on the premises. Brewers permitted to sell beer by the glass under this clause must furnish the minimum food requirements prescribed by the commission.

(H) Sell and deliver beer to a consumer at the permit premises of the brewer or at the residence of the consumer. The delivery to a consumer may be made only in a quantity at any one (1) time of not more than one-half (1/2) barrel, but the beer may be contained in bottles or other permissible containers.

(6) If the brewer's brewery manufactures more than twenty thousand (20,000) barrels of beer in a calendar year, own a portion of the corporate stock of another brewery that:

(A) is located in the same county as the brewer's brewery;

(B) manufactures less than twenty thousand (20,000) barrels of beer in a calendar year; and

(C) is the proprietor of a restaurant that operates under subdivision (5).

~~(7) Sell and deliver beer to a consumer at the plant of the brewer or at the residence of the consumer. The delivery to a consumer shall be made only in a quantity at any one (1) time~~

of not more than one-half (1/2) barrel, but the beer may be contained in bottles or other permissible containers.

~~(8)~~ (7) Provide complimentary samples of beer that are:

- (A) produced by the brewer; and
- (B) offered to consumers for consumption on the brewer's premises.

~~(9)~~ (8) Own a portion of the corporate stock of a sports corporation that:

- (A) manages a minor league baseball stadium located in the same county as the brewer's brewery; and
- (B) holds a beer retailer's permit, a wine retailer's permit, or a liquor retailer's permit for a restaurant located in that stadium.

~~(10)~~ (9) For beer described in IC 7.1-1-2-3(a)(4):

- (A) may allow transportation to and consumption of the beer on the licensed premises; and
- (B) may not sell, offer to sell, or allow sale of the beer on the licensed premises.

SECTION 8. IC 7.1-3-3-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) The premises to be used as a warehouse by an applicant shall be described in the application for the permit. The commission shall not issue a beer wholesaler's permit to an applicant for any other warehouse or premises than that described in the application. The commission shall issue only one (1) beer wholesaler's permit to an applicant, but a permittee may be permitted to transfer ~~his~~ **the permittee's** warehouse to another location within the county **that is not required to be within the corporate limits of an incorporated city or town**, upon application to, and approval of, the commission.

(b) As used in this subsection, "immediate relative" means the father, the mother, a brother, a sister, a son, or a daughter of a wholesaler permittee. Notwithstanding subsection (a), the commission, upon the death or legally adjudged mental incapacitation of a wholesaler permittee, may allow the transfer of the wholesaler permit only to an immediate relative of the wholesaler permittee who concurrently holds a majority share in a valid wholesaler permit.

SECTION 9. IC 7.1-3-3-5, AS AMENDED BY P.L.224-2005, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) The holder of a beer wholesaler's permit may purchase and import from the primary source of supply, possess, and sell at wholesale, beer and flavored malt beverages manufactured within or without this state.

(b) A beer wholesaler permittee may possess, transport, sell, and deliver beer to:

- (1) another beer wholesaler authorized by the brewer to sell the brand purchased;
- (2) ~~a consumer~~; **an employee**; or
- (3) a holder of a beer retailer's permit, beer dealer's permit, temporary beer permit, dining car permit, boat permit, airplane permit, or supplemental caterer's permit;

located within this state. The sale, transportation, and delivery of beer shall be made only from inventory that has been located on the wholesaler's premises before the time of invoicing and delivery.

(c) ~~Delivery of beer to a consumer shall be made in barrels only with the exception of~~ The beer wholesaler's bona fide regular employees ~~who~~ may purchase beer from the wholesaler in:

- (1) bottles, cans, or any other type of permissible containers in an amount not to exceed forty-eight (48) pints; or
- (2) **one (1) keg**;

at any one (1) time.

(d) The importation, transportation, possession, sale, and delivery of beer shall be subject to the rules of the commission and subject to the same restrictions provided in this title for a person holding a brewer's permit.

(e) The holder of a beer wholesaler's permit may purchase, import, possess, transport, sell, and deliver any commodity listed in IC 7.1-3-10-5, unless prohibited by this title. However, a beer wholesaler may deliver flavored malt beverages only to the holder of one (1) of the following permits:

- (1) A beer wholesaler or wine wholesaler permit, if the wholesaler is authorized by the primary source of supply to sell the brand of flavored malt beverage purchased.
- (2) A wine retailer's permit, wine dealer's permit, temporary wine permit, dining car wine permit, boat permit, airplane permit, or supplemental caterer's permit.

(f) A beer wholesaler may:

- (1) store beer for an out-of-state brewer described in IC 7.1-3-2-9 and deliver the stored beer to another beer wholesaler that the out-of-state brewer authorizes to sell the beer;
- (2) perform all necessary accounting and auditing functions associated with the services described in subdivision (1); and
- (3) receive a fee from an out-of-state brewer for the services described in subdivisions (1) through (2).

SECTION 10. IC 7.1-3-5-4 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) **Notwithstanding IC 7.1-1-3-18.5, the commission may renew or transfer ownership of a beer dealer's permit for a beer dealer who:**

- (1) held a permit before July 1, 2007; and
- (2) does not qualify for a permit as a grocery store under IC 7.1-1-3-18.5.

(b) **The commission may transfer ownership of a beer dealer's permit under this section only to an applicant who is the proprietor of:**

- (1) a drug store;
- (2) a grocery store (as defined by IC 7.1-1-3-18.5); or
- (3) a package liquor store.

SECTION 11. IC 7.1-3-5-5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) **As used in this section, "annual gross sales of food" refers to annual gross sales of food for human consumption that are exempt from the state gross retail tax.**

(b) **To be eligible for a permit for a grocery store under this title, an establishment must have at least forty-eight thousand dollars (\$48,000) in annual gross sales of food. However, the figure set in this subsection as the minimum annual gross sales**

of food for an establishment is subject to adjustment under subsection (c).

(c) The commission shall annually adjust the minimum amount of annual gross sales of food initially set in subsection (b) by an amount that does not exceed the percent of increase in the United States Department of Labor Consumer Price Index during the calendar year preceding the calendar year in which an increase is established. The commission shall determine which consumer price index shall be applied in determining the adjustment under this subsection.

SECTION 12. IC 7.1-3-5-6 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 6. (a) As used in this section "annual gross sales of food" refers to annual gross sales of food for human consumption that are exempt from the state gross retail tax.**

(b) The holder of a permit issued to a grocery store shall annually report to the commission the amount of the permit holder's establishment's annual gross sales of food. The information provided to the commission under this subsection regarding the amount of annual gross sales of food is confidential information and may not be disclosed to the public under IC 5-14-3. However, the commission may disclose the information:

- (1) to the department of state revenue for the purpose of verifying the accuracy of the annual gross sales of food reported to the commission under this subsection; and
- (2) in any administrative or judicial proceeding to revoke or suspend the holder's permit as a result of a discrepancy discovered by the department of state revenue under subsection (c).

(c) The department of state revenue shall verify the accuracy of the reports provided to the commission under this section. The department of state revenue shall report to the commission any discrepancy that the department discovers between:

- (1) the amount of annual gross sales of food that the permit holder has reported to the department; and
- (2) the amount of annual gross sales of food that the permit holder has reported to the commission.

(d) Notwithstanding IC 6-8.1-7-1 or any other law, in fulfilling its obligations under this section, the department of state revenue may provide to the commission confidential information. The commission shall maintain the confidentiality of information provided by the department of state revenue under this section. However, the commission may disclose the information in any administrative or judicial proceeding to revoke or suspend the holder's permit as a result of a discrepancy discovered by the department of state revenue under subsection (c).

SECTION 13. IC 7.1-3-9-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 11. (a) A liquor retailer may allow customers to sample the following:**

- (1) Beer.
- (2) Wines.

- (3) Liquors.
- (4) Liqueurs and cordials (as defined in 27 CFR 5.22(h)).
- (5) **Flavored malt beverages.**
- (6) **Hard cider.**

(b) Sampling is permitted only:

- (1) on the liquor retailer's permit premises; and
- (2) during the permittee's regular business hours.

(c) A liquor retailer may not charge for the samples provided to customers.

(d) Sample size of wines may not exceed one (1) ounce.

(e) In addition to the other provisions of this section, a liquor retailer who allows customers to sample liquors, liqueurs, or cordials shall comply with all of the following:

- (1) A liquor retailer may allow a customer to sample only a combined total of two (2) liquor, liqueur, or cordial samples per day.
- (2) Sample size of liqueurs or cordials may not exceed one-half (1/2) ounce.
- (3) Sample size of liquors may not exceed four-tenths (0.4) ounce.

(f) A sample size of beer, **flavored malt beverage, or hard cider** may not exceed six (6) ounces.

SECTION 14. IC 7.1-3-10-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 13. (a) A liquor dealer permittee who is a proprietor of a package liquor store may allow customers to sample the following:**

- (1) Beer.
- (2) Wines.
- (3) Liquors.
- (4) Liqueurs and cordials (as defined in 27 CFR 5.22(h)).
- (5) **Flavored malt beverages.**
- (6) **Hard cider.**

(b) Sampling is permitted:

- (1) only on the package liquor store permit premises; and
- (2) only during the store's regular business hours.

(c) No charge may be made for the samples provided to the customers.

(d) Sample size of wines may not exceed one (1) ounce.

(e) In addition to the other provisions of this section, a proprietor who allows customers to sample liquors, liqueurs, or cordials shall comply with all of the following:

- (1) A proprietor may allow a customer to sample not more than a combined total of two (2) liquor, liqueur, or cordial samples per day.
- (2) Sample size of liqueurs or cordials may not exceed one-half (1/2) ounce.
- (3) Sample size of liquors may not exceed four-tenths (0.4) ounce.

(f) A sample size of beer, **flavored malt beverage, or hard cider** may not exceed six (6) ounces.

SECTION 15. IC 7.1-3-13-3.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 3.5. (a) A wine wholesaler may sell wine purchased from an estate sale only if the**

following requirements are met:

- (1) The primary source of the wine sold at auction:
 - (A) is authorized to sell wine in Indiana on the date the wine is resold by the wholesaler;
 - (B) is given notice of the purchase by the wine wholesaler; and
 - (C) authorizes the wine wholesaler to resell the wine purchased.
 - (2) The seller of wine at auction is a bona fide estate of an Indiana decedent.
 - (3) Each wine bottle is affixed with a sticker indicating that the wine was purchased from an estate.
- (b) The notice given to the primary source under subsection (a)(1) must include the following information:
- (1) The name of the seller.
 - (2) The amount of the product purchased and the sale price at auction.
 - (3) The vintage of the wine purchased.
- (c) A wholesaler is not liable for product liability for wine that the wholesaler sells from an estate auction purchase.

SECTION 16. IC 7.1-3-17.5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. Notwithstanding IC 7.1-5-5-7, the holder of an excursion and adjacent landsite permit may, subject to the approval of the commission, provide alcoholic beverages to guests without charge at an event on the licensed premises if all the following requirements are met:

- ~~(1)~~ The event is attended by not more than six hundred fifty ~~(650)~~ guests.
- ~~(2)~~ The event is not more than six ~~(6)~~ hours in duration.
- ~~(3)~~ (1) Each alcoholic beverage dispensed to a guest:
 - (A) is entered into a cash register that records and itemizes on the cash register tape each alcoholic beverage dispensed; and
 - (B) is entered into a cash register as a sale and at the same price that is charged to the general public.
- ~~(4)~~ (2) At the conclusion of the event, all alcoholic beverages recorded on the cash register tape are paid by the holder of the excursion and adjacent landsite permit.
- ~~(5)~~ (3) All records of the alcoholic beverage sales, including the cash register tape, shall be maintained by the holder of the excursion and adjacent landsite permit for not less than two (2) years.
- ~~(6)~~ (4) The holder of the excursion and adjacent landsite permit complies with the rules of the commission.

SECTION 17. IC 7.1-3-19-5, AS AMENDED BY P.L.224-2005, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007] Sec. 5. The commission shall cause one (1) notice of the pending investigation to be published in a newspaper in accordance with the provisions of IC 7.1-3-1-18. The publication of the notice shall be at least ~~thirty~~ ~~(30)~~ fifteen (15) days before the investigation.

SECTION 18. IC 7.1-3-19-10.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10.5. (a) This section applies only to an application for:

- (1) a new permit for a grocery store or package liquor store; or
- (2) transfer of a location of an existing permit for a grocery store or package liquor store.

(b) Upon application for a new dealer permit or transfer of a location of an existing dealer permit, the local board shall investigate the desirability of the permit in regard to the potential geographic location of the permit premises.

(c) In investigating the desirability of a dealer permit under subsection (b), the local board may consider the following:

- (1) Whether there is a need for the services at the requested location of the dealer permit.
- (2) The desire of the neighborhood or the community to receive the services.
- (3) The impact of the services on other business in the neighborhood or community.
- (4) The impact of the services on the neighborhood or community.

SECTION 19. IC 7.1-3-19-11.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 11.5. (a) As used in this section, "applicant" or "application" means an applicant or an application for:

- (1) a new permit; or
- (2) transfer or renewal of an existing permit.

(b) This section applies if a permit applicant or a person who remonstrates at a local board hearing against the approval of the application files with the commission:

- (1) an objection to the commission's action on the application; and
- (2) a request for an appeal hearing before the commission.

(c) The commission shall do the following:

- (1) Provide notice to the local board, by first class mail, of the date of an appeal hearing set by the commission. Notice under this subdivision must be provided not later than ten (10) days before the date of the hearing.
- (2) Publish notice in the city, town, or county where the proposed permit premises is located of the date of an appeal hearing set by the commission. Notice under this subdivision must be published not later than ten (10) days before the date of the hearing.

SECTION 20. IC 7.1-3-20-16.2 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 16.2. (a) This section does not apply to a county having a population of more than two hundred thousand (200,000) but less than three hundred thousand (300,000).

(b) A permit that is authorized by this section may be issued without regard to the quota provisions of IC 7.1-3-22.

(c) Notwithstanding any other law, the commission may issue not more than the maximum number of new three-way permits to sell alcoholic beverages for on-premises consumption determined by the legislative body of the city, town, or county under subsection (d) to applicants, each of whom must be the proprietor, as owner or lessee, or both, of a restaurant located

within an economic development project that meets all of the following requirements:

(1) The boundaries of the project are designated by an ordinance or as a resolution adopted by the legislative body (as defined in IC 36-1-2-9) of a:

(A) city or town if the project is located in the city or town; or

(B) county where the project is located if the project is located outside of a city or town.

(2) The project consists of an investment of at least twenty-five million dollars (\$25,000,000).

(3) The project is located within an economic development area, an area needing redevelopment, or a redevelopment district under IC 36-7-14.

(e) The legislative body (as defined in IC 36-1-2-9) of a:

(1) city or town if the project is located in the city or town; or

(2) county where the project is located if the project is located outside of a city or town;

shall determine the number of permits that the commission may issue under this section but the number of permits may not exceed eight (8) permits.

(f) The commission shall conduct an auction of the permits under IC 7.1-3-22-9, except that the auction may be conducted at any time as determined by the commission. Notwithstanding any other law, the minimum bid for an initial license under this subsection is fifty thousand dollars (\$50,000), and the renewal fee for a license under this subsection is five hundred dollars (\$500).

(g) This section expires July 1, 2009.

SECTION 21. IC 7.1-3-22-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. ~~Dealers' Permits Limited:~~ (a) Except as provided under subsections (e) and (h), the commission may grant only:

(1) one (1) beer dealer's permit ~~and~~ in an incorporated city or town that has a population of less than fifteen thousand one (15,001) for each two thousand (2,000) persons, or fraction thereof, within the incorporated city or town;

(2) in an incorporated city or town that has a population of more than fifteen thousand (15,000) but less than eighty thousand (80,000):

(A) one (1) beer dealer's permit for each three thousand five hundred (3,500) persons, or a fraction thereof; or

(B) eight (8) beer dealer's permits;

whichever is greater, within the incorporated city or town; and

(3) in an incorporated city or town that has a population of at least eighty thousand (80,000):

(A) one (1) beer dealer's permit for each six thousand (6,000) persons, or a fraction thereof; or

(B) twenty-three (23) beer dealer's permits;

whichever is greater, within the incorporated city or town.

(b) Except as provided under subsections (f) and (h), the

commission may grant only:

(1) one (1) liquor dealer's permit in an incorporated city or town ~~or unincorporated town~~ that has a population of less than fifteen thousand one (15,001) for each ~~one~~ two thousand five hundred ~~(1,500)~~ (2,000) persons, or fraction thereof, within the incorporated city or town; ~~or unincorporated town;~~

(2) in an incorporated city or town that has a population of more than fifteen thousand (15,000) but less than eighty thousand (80,000):

(A) one (1) liquor dealer's permit for each three thousand five hundred (3,500) persons, or a fraction thereof; or

(B) eight (8) liquor dealer's permits;

whichever is greater, within the incorporated city or town; and

(3) in an incorporated city or town that has a population of at least eighty thousand (80,000):

(A) one (1) liquor dealer's permit for each six thousand (6,000) persons, or a fraction thereof; or

(B) twenty-three (23) liquor dealer's permits;

whichever is greater, within the incorporated city or town.

(c) Except as provided under subsections (e), (f), and (h), the commission may grant only one (1) beer dealer's permit and one (1) liquor dealer's permit in an area in a county outside an incorporated city or town for each three thousand (3,000) persons, or fraction thereof, within an area in the county outside an incorporated city or town.

(d) Notwithstanding subsections (a), (b), and (c), the commission may renew or transfer a beer dealer's or liquor dealer's permit for a beer dealer or liquor dealer that:

(1) held a permit before July 1, 2007; and

(2) does not qualify for a permit under the quota restrictions set forth in subsection (a), (b), or (c).

(e) Notwithstanding subsection (a) or (c), the commission shall grant not more than five (5) new beer dealer's permits for each of the following:

(1) An incorporated city or town that does not qualify for any new beer dealer's permits under the quota restrictions set forth in subsection (a).

(2) An area in a county outside an incorporated city or town that does not qualify for any new beer dealer's permits under the quota restrictions set forth in subsection (c).

(f) Notwithstanding subsection (b) or (c), the commission shall grant not more than five (5) new liquor dealer's permits for each of the following:

(1) An incorporated city or town that does not qualify for any new liquor dealer's permits under the quota restrictions set forth in subsection (b).

(2) An area in a county outside an incorporated city or town that does not qualify for any new liquor dealer's permits under the quota restrictions set forth in subsection (c).

(g) If after the 2010 decennial census, the incorporated city or town or an area in a county outside an incorporated city or town is authorized by the quota restrictions under this section to receive additional beer dealer's permits or liquor dealer's permits, the five (5) new:

- (1) beer dealer's permits issued under subsection (e) shall be subtracted from any additional beer dealer's permits that the incorporated city or town or the area in a county outside an incorporated city or town may be authorized to receive by the quota provisions; and
- (2) liquor dealer's permits issued under subsection (f) shall be subtracted from any additional liquor dealer's permits that the incorporated city or town or the area in a county outside an incorporated city or town may be authorized to receive by the quota provisions.

SECTION 22. IC 7.1-3-22-4.5 IS ADDED TO THE INDIANA CODE A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 4.5. (a) Notwithstanding section 4 of this chapter, the commission may increase the number of beer dealer's permits and liquor dealer's permits for an incorporated city or town or area in a county outside of an incorporated city or town if the population of the city or town or area in a county outside of an incorporated city or town increases between the decennial censuses.**

(b) The commission shall base its determination to increase the number of beer dealer's permits or liquor dealer's permits for an incorporated city or town or area in a county outside of an incorporated city or town on appropriate data as determined by the commission.

SECTION 23. IC 7.1-3-26-15, AS ADDED BY P.L.165-2006, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 15. (a) Except as provided in subsections (b) and (c), a seller who violates this chapter commits a Class A infraction.**

(b) Except as provided in subsection (d), a seller who:

- (1) knowingly or intentionally violates this chapter; and
- (2) has one (1) prior unrelated conviction or judgment for an infraction under this section for an act or omission that occurred not more than ten (10) years before the act or omission that is the basis for the most recent conviction or judgment for an infraction;

commits a Class A misdemeanor.

(c) Except as provided in subsection (d), a seller who:

- (1) knowingly or intentionally violates this chapter; and
- (2) has at least two (2) prior unrelated convictions or judgments for infractions under this section for acts or omissions that occurred not more than ten (10) years before the act or omission that is the basis for the most recent conviction or judgment for an infraction;

commits a Class D felony.

(d) A person who violates section 6(5) of this chapter commits a Class A infraction. The commission may consider an infraction committed under this subsection in its determination of whether to renew a seller's permit. **However, a person may not be held in violation of section 6(5) of this chapter for a direct sale and**

shipment to a person that occurred before January 15, 2007.

SECTION 24. IC 7.1-4-8-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 2. Use of Funds.** The monies deposited in the postwar construction fund shall be used for construction by the state for the use of **public safety**, penal, benevolent, charitable, and educational institutions of the state.

SECTION 25. IC 7.1-5-7-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 8. (a) It is a Class C misdemeanor for A person to who recklessly sell, barter, exchange, provide, or furnish sells, barters, exchanges, provides, or furnishes an alcoholic beverage to a minor commits:**

- (1) a Class B misdemeanor if the person is at least twenty-one (21) years of age; and
- (2) a Class C misdemeanor if the person is less than twenty-one (21) years of age.

(b) This section shall not be construed to impose civil liability upon any educational institution of higher learning, including but not limited to public and private universities and colleges, business schools, vocational schools, and schools for continuing education, or its agents for injury to any person or property sustained in consequence of a violation of this section unless such institution or its agent sells, barters, exchanges, provides, or furnishes an alcoholic beverage to a minor.

SECTION 26. IC 7.1-5-7-16 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 16. The commission shall conduct random unannounced inspections at locations where alcoholic beverages are sold or distributed to ensure compliance with this title. Only the commission, an Indiana law enforcement agency, the office of the sheriff of a county, or an organized police department of a municipal corporation may conduct the random unannounced inspections. These entities may use retired or off duty law enforcement officers to conduct inspections under this section.**

SECTION 27. IC 7.1-5-7-17 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 17. (a) Notwithstanding any other law, an enforcement officer vested with full police powers and duties may engage a person who is:**

- (1) at least eighteen (18) years of age; and
- (2) less than twenty-one (21) years of age;

to receive or purchase alcoholic beverages as part of an enforcement action under this article.

(b) **The initial or contemporaneous receipt or purchase of an alcoholic beverage under this section by a person described in subsection (a) must:**

- (1) occur under the direction of an enforcement officer vested with full police powers and duties; and
- (2) be a part of the enforcement action.

SECTION 28. IC 7.1-5-7-18 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 18. (a) The commission may impose a civil penalty under this section, in addition to any other penalty, against a retailer or dealer permittee. If the retailer or dealer permittee, or an agent or employee of the**

retailer or dealer permittee violates section 8 of this chapter on the licensed premises, a civil penalty may be imposed against the retailer or dealer permittee as follows:

- (1) If the licensed premises at that specific business location has not been issued a citation or summons for a violation of this section in the previous ninety (90) days, a civil penalty of two hundred fifty dollars (\$250).
- (2) If the licensed premises at that specific business location has had one (1) citation or summons issued for a violation of this section in the previous ninety (90) days, a civil penalty of five hundred dollars (\$500).
- (3) If the licensed premises at that specific business location has had two (2) citations or summonses issued for a violation of this section in the previous ninety (90) days, a civil penalty of one thousand dollars (\$1,000).
- (4) If the licensed premises at that specific business location has had three (3) or more citations or summonses issued for a violation of this section in the previous ninety (90) days, a civil penalty of two thousand dollars (\$2,000).

A retailer or dealer permittee may not be issued a citation or summons for a violation of this section more than once every twenty-four (24) hours.

(b) The defenses set forth in section 5.1 of this chapter are available to a retailer or dealer permittee in an action under this section.

(c) Unless a person less than twenty-one (21) years of age buys or receives an alcoholic beverage under the direction of a law enforcement officer as part of an enforcement action, a retailer or dealer permittee that sells alcoholic beverages is not liable for a violation of this section unless the person less than twenty-one (21) years of age who bought or received the alcoholic beverage is charged for violating section 7 of this chapter.

(d) All civil penalties collected under this section shall be deposited in the alcohol and tobacco commission's enforcement and administration fund under IC 7.1-4-10.

SECTION 29. IC 7.1-5-10-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) Except as provided in subsection ~~(d)~~; (c), it is unlawful to sell alcoholic beverages at the following times:

- (1) At a time other than that made lawful by the provisions of IC 7.1-3-1-14.
- (2) On Christmas Day and until 7:00 o'clock in the morning, prevailing local time, the following day.
- (3) On primary election day, and general election day, from 3:00 o'clock in the morning, prevailing local time, until the voting polls are closed in the evening on these days.
- (4) During a special election under IC 3-10-8-9 (within the precincts where the special election is being conducted), from 3:00 o'clock in the morning until the voting polls are closed in the evening on these days.

(b) During the time when the sale of alcoholic beverages is unlawful, no alcoholic beverages shall be sold, dispensed, given away, or otherwise disposed of on the licensed premises and the

licensed premises shall remain closed to the extent that the nature of the business carried on the premises, as at a hotel or restaurant, permits.

~~(c) It is unlawful to sell alcoholic beverages on New Years Day for off-premises consumption.~~

~~(d)~~ (c) It is lawful for the holder of a valid beer, wine, or liquor wholesaler's permit to sell to the holder of a valid retailer's or dealer's permit at any time.

SECTION 30. IC 9-21-4-5, AS AMENDED BY HEA 1012-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) Except as provided in subsection (b), a person may not place or maintain upon a highway a traffic sign or signal bearing commercial advertising. A public authority may not permit the placement of a traffic sign or signal that bears a commercial message.

(b) Under criteria to be jointly established by the Indiana department of transportation and the office of tourism development, the Indiana department of transportation may authorize the posting of any of the following:

- (1) Limited tourist attraction signage.
- (2) Business signs on specific information panels on the interstate system of highways and other freeways.

All costs of manufacturing, installation, and maintenance to the Indiana department of transportation for a business sign posted under this subsection shall be paid by the business.

(c) Criteria established under subsection (b) for tourist attraction signage must include a category for a tourist attraction that:

- (1) is a trademarked destination brand; and
- (2) encompasses buildings, structures, sites, or other facilities that are:

(A) listed on the National Register of Historic Places established under 16 U.S.C. 470 et seq.; or

(B) listed on the register of Indiana historic sites and historic structures established under IC 14-21-1;

regardless of the distance of the tourist attraction from the highway on which the tourist attraction signage is placed.

(d) Criteria established under subsection (b) for tourist attraction signage must include a category for a tourist attraction that is an establishment licensed under IC 7.1-3-2-7(5).

~~(e)~~ (e) A person may not place, maintain, or display a flashing, a rotating, or an alternating light, beacon, or other lighted device that:

- (1) is visible from a highway; and
- (2) may be mistaken for or confused with a traffic control device or for an authorized warning device on an emergency vehicle.

~~(d)~~ (f) This section does not prohibit the erection, upon private property adjacent to highways, of signs giving useful directional information and of a type that cannot be mistaken for official signs.

SECTION 31. IC 34-30-2-19.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 19.5. IC 7.1-3-13-3.5 (Concerning wine purchased at an estate sale and resold by a**

wine wholesaler).

SECTION 32. [EFFECTIVE JULY 1, 2007] (a) Notwithstanding IC 7.1-2-4-13.5, as added by this act, a member of a local board appointed before January 1, 2008, shall complete the training required under IC 7.1-2-4-13.5, as added by this act, not later than July 1, 2008.

(b) The alcohol and tobacco commission shall begin providing a training program under IC 7.1-2-4-13.5, as added by this act, for members of local boards not later than January 1, 2008.

(c) This SECTION expires July 2, 2008.

SECTION 33. [EFFECTIVE UPON PASSAGE] (a) The legislative council shall assign an interim or a statutory committee to study the topic of alcoholic beverage permittee liability insurance. The committee shall study issues that relate to liability insurance for damages that arise out of the person's sale of alcoholic beverages.

(b) This SECTION expires November 1, 2007.

SECTION 34. [EFFECTIVE JULY 1, 2007] IC 7.1-5-7-8, as amended by this act, and IC 7.1-5-7-18, as added by this act, apply only to offenses committed after June 30, 2007.

SECTION 35. An emergency is declared for this act.

(Reference is to ESB 339 as reprinted April 11, 2007.)

Merritt, Chair	Van Haaften
Lanane	Welch
Senate Conferees	House Conferees

Roll Call 555: yeas 22, nays 26. Report rejected.

SENATE MOTION

Madam President: I move that at 11:49 p.m., this 29th day of April, 2007, the Senate do now adjourn sine die.

LONG

Motion prevailed. The Senate adjourned sine die.

The Senate adjourned at 11:49 p.m.

MARY C. MENDEL
Secretary of the Senate

REBECCA S. SKILLMAN
President of the Senate