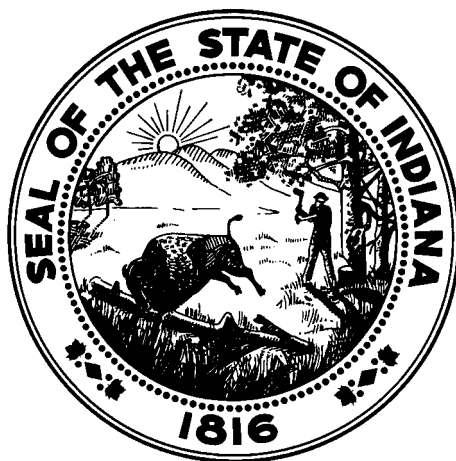


# SYNOPSIS OF STATE TAX LEGISLATION 2002



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## **2002 LEGISLATION**

### **APRIL 17, 2002**

SB 17. IC 6-3.5-1.1-10; IC 6-3.5-7-16; and NONCODE, Effective March 28, 2002. Provides that Porter County has until May 16, 2002 to adopt an ordinance to enact CAGIT, COIT, or CEDIT. Funds will be used to pay back a loan from the rainy day fund. Provides that the tax if enacted will take effect on July 1, 2002. If enacted, there will be four special distributions of the certified distribution. They will occur in October, January, May, and November after enactment.

SB 50. IC 6-3-1-31; IC 6-3-1-32; and IC 6-3-1-3.5, Effective January 1, 2001 (Retroactive). Exempts income of individuals and estates from income tax for any settlement payment to the individual, their estate, or the income of relatives of the victim, to the extent that the income is included in federal adjusted gross income, and received as a result of the September 11 terrorist attacks.

SB 52. IC 6-2.5-4-6; and IC 6-8.1-15, Effective August 1, 2002. This bill implements the federal Mobile Telecommunications Sourcing Act. States have until August 1, 2002 to conform or be preempted from imposing sales tax on outside the state (roaming) calls. The bill provides a standardized method for taxes, charges, and fees levied on wireless telephone service to be paid to the jurisdiction where the customer's primary use of services occurs by establishing a "place of primary use". Requires that the Department provide an electronic database to the home service providers which contains the zip codes for Indiana.

SB 99. IC 6-2.1-3-33, Effective July 1, 2002. Provides that county onsite waste management districts are exempt from the gross income tax.

SB 252. IC 6-4.1-5-3; IC 6-4.1-5-9; and IC 6-4.1-5-11, Effective July 1, 2002. Eliminates the requirement that the Department be notified by the county inheritance tax appraiser when an appraisal or a hearing on the report of the appraisal is going to take place. Still requires the Department to be sent a copy of the appraiser's final determination of the fair market value.

SB 461. IC 6-2.1-3-33, Effective July 1, 2002. Provides that county onsite waste management districts are exempt from the gross income tax.

SB 481. IC 9-13-2-187.5; IC 9-20-5-4, Effective March 27, 2002. Provides the definition of “trip” for purposes of special weight permits for the movement of vehicles with a total gross weight greater than 80,000 pounds and less than 134,000 pounds to be a 24 hour period. It also changes the designation of certain heavy-duty highways.

HB 1001. IC 9-24-6-12, Effective March 26, 2002. Provides that a hazardous material endorsement for a commercial drivers’ license cannot be issued to individuals if they have been convicted of certain crimes.

HB 1138. IC 6-9-2-3, Effective July 1, 2003. Expands the membership of the Lake County convention and visitor bureau from thirteen (13) members to fifteen (15) members.

HB 1195. IC 6-2.5-6-1; IC 6-3-1-11; IC 36-7-26-23; and IC 36-7-26-24, Effective January 1, 2002 and April 1, 2002 (Retroactive). Reinstates reporting periods and payment thresholds for the sales tax that were mistakenly changed during the last legislative session. Updates the Indiana Code to coincide with the Internal Revenue Code’s definition of adjusted gross income as in effect on January 1, 2002. Provides that the maximum sales tax increment financing distribution to the South Bend community revitalization enhancement district will be \$1,000,000 per year, instead of \$1,000,000 over the life of the district. Expands the usage of funds for the South Bend community revitalization enhancement district.

HB 1196. IC 6-3.1-13, Effective January 1, 2003. Expands the EDGE credit program to include projects that are for job retention, and not just job expansion. The job retention criteria requires that the applicant employs at least 200 employees. The average compensation must exceed the county average by 5%, and the local unit must contribute \$1.50 of incentives for every \$3.00 of credits provided. The job retention credit is capped at \$5,000,000 per year in FY 2004 and FY 2005. It provides that all job retention credits must be approved by the budget agency. Eliminates the requirement that an applicant for job creation credits must verify that there is another state competing for the project.

## CAGIT

IC 6-3.5-1.1-2, -2.8, -2.9, and -3.6, Effective March 28, 2002. Provides that Daviess, Elkhart, and Marshall counties may adopt an additional CAGIT rate to pay for jail and other criminal justice facilities. The additional rate can be imposed

at 0.15%, 0.20%, or 0.25%. Provides that Union County may adopt an additional 0.25% CAGIT rate to pay for courthouse improvements.

IC 6-3.5-1.1-9.5, Effective July 1, 2002. Requires a county that desires to reduce its CAGIT balance from six months to three months must adopt an ordinance after January 1 and before April 1. Provides that the special distribution is a one-time distribution.

IC 6-3.5-1.1-21, Effective July 1, 2002. Requires the Department to notify by July 2 of each year all counties that have adopted CAGIT of the balance in the county's adjusted gross income tax account, and the six month or three month balance that is required to be maintained.

IC 6-3.5-1.1-21.1, Effective July 1, 2002. Provides for the Department to make a distribution to the counties if recommended by the budget agency of any excess balance in a county's account. The distribution will be made in January of the following year after a county adopts an ordinance to reduce its balance.

## COIT

IC 6-3.5-6-17.2, Effective July 1, 2002. Provides that the Department will notify each COIT adopting county by July 2 of each year, the county's special account balance for the end of the preceding calendar year, and the county's required three month or six month balance, whichever applies.

IC 6-3.5-6-17.3, Effective July 1, 2002. Provides that if the Department, upon recommendation from the budget agency, determines that an excess balance exists in a county's account, the Department may make a supplemental distribution.

## CEDIT

IC 6-3.5-7-5, Effective March 28, 2002. Provides that the combined CAGIT and CEDIT rates in Daviess, Marshall, Elkhart, and Union counties cannot exceed 1.5%.

IC 6-3.5-7-10.5, Effective July 1, 2002. By July 2 of each year, the Department shall notify each county of the balance in the county's CEDIT account and the required six month balance at the end of the preceding year.

IC 6-3.5-7-17.3, Effective July 1, 2002. Provides that if the Department, upon recommendation from the budget agency, determines that an excess balance exists in a county's account, the Department may make a supplemental distribution.

IC 6-3.5-7-24, Effective March 28, 2002. Allows Knox County to impose CEDIT at a rate of 0.25% to pay for a county jail.

## DEPARTMENT ADMINISTRATION

IC 6-8.1-3-7.1, Effective July 1, 2002. Requires the Department to enter into an agreement with the county auditor of any unit that has adopted an innkeeper's tax, a food and beverage tax, or an admissions tax, to furnish annually the name and amount of money collected for each business subject to the respective tax.

IC 6-8.1-9-14, Effective January 1, 2003. Allows the Department to establish a centralized debt collection program within the Department for use by state agencies to collect delinquent accounts. Gives the Commissioner the authority to establish the form and manner for information to be submitted to the Department. Allows the Department to retain up to 15% of delinquent funds. The collection fee shall be added to the delinquent amount.

## OTHER LOCAL TAXES

IC 6-9-2.5-6, -7, and -7.5. Effective January 1, 2003. Increases the Vanderburgh innkeeper's tax from 5% to 6%. The additional 1% is to be used for operating expenses of the convention and visitors commission, and tourism capital improvement.

IC 6-9-7-7, Effective July 1, 2002. Fifty per cent (50%) of the Tippecanoe county innkeeper's tax is deposited in a special account with 75% of the funds going to the Department of Natural Resources for development of projects in state parks on the Wabash River in Tippecanoe County. The other 25% goes to the community development corporation.

## LOCAL GOVERNMENT

IC 36-7-13-10.7, Effective March 28, 2002. Permits the city of Marion to add a business to its CRED district that had significant job losses during 2001. Creates a new formula for determining incremental sales and income tax financing for the business added to the district.

IC 36-7-26-1, -23, and -24, Effective April 1, 2002. Provides that the city of South Bend can receive \$1,000,000 per year in sales tax increment financing. Prior law only permitted \$1,000,000 over the life of the district. Also, expands the uses of funds for the CRED district in South Bend.

IC 36-7-31.3-4, Effective July 1, 2002. Provides that the food and beverage tax generated from a Professional Sports Development District in Allen County is not to be returned to the district.

IC 36-7-31.3-8, Effective July 1, 2002. Expands the type of facilities that can be in a professional sports development district and qualify for funding.