

HOUSE BILL No. 1485

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.5; IC 6-3.6.

Synopsis: Local option income taxes. Replaces the county adjusted gross income tax, the county option income tax, and the county economic development income tax with a local income tax. Provides for the introduction of legislation in the 2016 legislative session to make related amendments to implement the local income tax.

Effective: Upon passage; January 1, 2016.

Thompson

January 14, 2015, read first time and referred to Committee on Ways and Means.



First Regular Session of the 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

HOUSE BILL No. 1485



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

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.5-1.1 IS REPEALED [EFFECTIVE JANUARY
2 1, 2016]. (County Adjusted Gross Income Tax).
3 SECTION 2. IC 6-3.5-1.5 IS REPEALED [EFFECTIVE JANUARY
4 1, 2016]. (Calculation of Levy Freeze Amounts).
5 SECTION 3. IC 6-3.5-6 IS REPEALED [EFFECTIVE JANUARY
6 1, 2016]. (County Option Income Tax).
7 SECTION 4. IC 6-3.5-7 IS REPEALED [EFFECTIVE JANUARY
8 1, 2016]. (County Economic Development Income Tax).
9 SECTION 5. IC 6-3.6 IS ADDED TO THE INDIANA CODE AS A
10 **NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE UPON**
11 **PASSAGE]:**
12 **ARTICLE 3.6. LOCAL INCOME TAXES**
13 **Chapter 1. Purpose; Application; Transitional Provisions**
14 **Sec. 1. (a) The purpose of this article is to consolidate and**
15 **simplify the various local income tax laws (referred to as a "former**



1 tax" in this article) that are in effect on May 1, 2015, into a
 2 uniform law that transitions each county from the former taxes to
 3 the tax governed by this article.

4 (b) If an adopting body had the authority to take an action
 5 under a former tax law, that authority must be exercised by taking
 6 the action under this article. This article does not provide any
 7 authority to an adopting body to take an action that did not
 8 already exist with respect to a particular county under the former
 9 taxes in effect in the county as of May 1, 2015. However, an
 10 adopting body may not take any action under this article or a
 11 former tax law, after June 30, 2015, and before July 1, 2016.

12 (c) To carry out the transition, the office of management and
 13 budget, along with the appropriate state agencies and in
 14 cooperation with each county, shall do the following:

15 (1) Document all terms, conditions, limitations, and
 16 obligations that exist under the former taxes.

17 (2) Categorize the tax rate under the former taxes into the
 18 appropriate tax rate or rates under this article to provide
 19 revenue for one (1) or more of the following purposes:

20 (A) Property tax credits using the options set forth in
 21 IC 6-3.6-5, which categorization is limited to former tax
 22 rates that were dedicated to providing credits against
 23 property taxes under IC 6-3.5-6 or IC 6-3.5-7.

24 (B) School corporation distributions and additional
 25 revenue. All former tax rates not used for a specified
 26 project or categorized under clause (A) shall be
 27 categorized under IC 6-3.6-6 using the former tax rates or
 28 dollar amounts that were dedicated for school corporation
 29 distributions, public safety, economic development, and
 30 certified shares.

31 (C) A special purpose project (IC 6-3.6-7) using the former
 32 tax rate that was dedicated to the project.

33 (d) The former taxes shall be administered and distributed
 34 based on this article after December 31, 2015, and the transition
 35 shall be completed by August 1, 2015, for purposes of local
 36 government budgets for 2016.

37 Sec. 2. This article applies to:

38 (1) taxes and tax liability in effect after December 31, 2015;

39 (2) homestead and property tax credits against property tax
 40 liability imposed for an assessment date after February 28,
 41 2015; and

42 (3) subject to subdivisions (1) and (2), administration of taxes



1 described in section 3 of this chapter, after December 31,
2 2015.

3 **Sec. 3.** Except to the extent that taxes imposed in a county
4 under:

- 5 (1) IC 6-3.5-1 (repealed);
6 (2) IC 6-3.5-1.1 (repealed);
7 (3) IC 6-3.5-6 (repealed); or
8 (4) IC 6-3.5-7 (repealed);

9 are increased, decreased, or rescinded under this article, the total
10 tax rate in effect in a county under the provisions described in
11 subdivisions (1) through (4) on May 1, 2015, continue in effect after
12 May 1, 2015, and shall be treated as taxes imposed under this
13 article.

14 **Sec. 4. (a) Notwithstanding:**

- 15 (1) IC 6-3.5-1 (repealed);
16 (2) IC 6-3.5-1.1 (repealed);
17 (3) IC 6-3.5-6 (repealed); or
18 (4) IC 6-3.5-7 (repealed);

19 a change in a tax imposed under a provision described in
20 subdivisions (1) through (4), credits related to property taxes,
21 allocations of tax revenue, and pledges for payment from tax
22 revenue after May 1, 2015, must be made under this article and not
23 under the provisions described in subdivisions (1) through (4).

24 (b) An ordinance may not be adopted under this article before
25 July 1, 2016.

26 **Sec. 5.** A reference to a tax described in section 3 of this chapter
27 in a law or other document shall be treated as a reference to the tax
28 under this article, as categorized under section 1 of this chapter.

29 **Sec. 6.** A pledge of a tax described in section 3 of this chapter for
30 the payment of bonds, leases, or other expenditures shall be treated
31 as a pledge of the related tax under this article for the same
32 purpose.

33 **Sec. 7.** A period that began with respect to a tax described in
34 section 3 of this chapter and limits the period in which the tax may
35 be imposed continues under this article from the starting date and
36 time of the original action under the laws described in section 3 of
37 this chapter and limits the period in which the related tax under
38 this article may be imposed as if the period were initiated under
39 this article.

40 **Sec. 8.** A period that began with respect to the issuance of bonds
41 or leases payable from a tax described in section 3 of this chapter
42 and limits the period in which the bonds or leases may be in effect



1 continues under this article from the starting date and time of the
 2 original action under the laws described in section 3 of this chapter
 3 and limits the period in which the bonds or leases may be in effect
 4 as if the period were initiated under this article.

5 **Sec. 9.** Before August 2, 2015, the budget agency, with the
 6 assistance of the department of local government finance, shall
 7 certify to each county the tax rates under this article, by category,
 8 that are equivalent to the tax rates imposed in the county under the
 9 taxes described in section 3 of this chapter. The certified rates for
 10 a category may not be increased under this article unless a higher
 11 rate could have been adopted under the corresponding former tax.

12 **Sec. 10.** The department of local government finance shall
 13 provide for a uniform method of calculating levies and tax rates in
 14 all taxing units and a uniform method of applying property tax
 15 credits that are funded by a tax under this article.

16 **Sec. 11.** The budget agency, after consultation with the
 17 department of local government finance, may make a one-time
 18 adjustment to a tax rate under this article to eliminate any increase
 19 in revenue that would result, relative to the related tax imposed
 20 under a provision described in section 3 of this chapter, from
 21 taxing local taxpayers that are not resident local taxpayers at the
 22 same tax rates as resident local taxpayers. The budget agency shall
 23 certify the adjusted tax rate to county auditors before August 2,
 24 2015. The adjusted tax rate takes effect January 1, 2016.

25 **Sec. 12.** The department of local government finance shall assist
 26 adopting bodies and other local governmental entities as necessary
 27 to provide for a transition to the administration of taxes under this
 28 article.

29 **Chapter 2. Definitions**

30 **Sec. 1.** The definitions in this chapter apply throughout this
 31 article.

32 **Sec. 2.** "Adjusted gross income" has the meaning set forth in
 33 IC 6-3-1-3.5. However:

34 (1) in the case of a local taxpayer who is not treated as a
 35 resident local taxpayer of a county, the term includes only
 36 adjusted gross income derived from the taxpayer's principal
 37 place of business or employment; and

38 (2) in the case of a resident local taxpayer of Perry County,
 39 the term does not include adjusted gross income described in
 40 IC 6-3.6-8-7.

41 **Sec. 3.** "Allocation amount" refers to an amount that qualifies
 42 as an allocation amount under IC 6-3.6-6.



1 **Sec. 4. "Attributed allocation amount" refers to an amount that**
 2 **qualifies as an attributed allocation amount under IC 6-3.6-6.**

3 **Sec. 5. "Certified distribution" refers to the amount certified**
 4 **under IC 6-3.6-9-5(b), as adjusted under IC 6-3.6-9.**

5 **Sec. 6. "Certified shares" refers to the amount allocated for**
 6 **distribution as certified shares under IC 6-3.6-6.**

7 **Sec. 7. "Civil taxing unit" means any entity having the power to**
 8 **impose ad valorem property taxes except a school corporation. The**
 9 **term does not include a solid waste management district that is not**
 10 **entitled to a distribution under IC 6-3.6-6. However, in the case of**
 11 **a consolidated city, the term "civil taxing unit" includes the**
 12 **consolidated city and all special taxing districts, all special service**
 13 **districts, and all entities whose budgets and property tax levies are**
 14 **subject to review under IC 36-3-6-9.**

15 **Sec. 8. "Economic development project" means any project**
 16 **that:**

- 17 **(1) the county, city, or town determines will:**
 18 **(A) promote significant opportunities for the gainful**
 19 **employment of its citizens;**
 20 **(B) attract a major new business enterprise to the county,**
 21 **city, or town; or**
 22 **(C) retain or expand a significant business enterprise**
 23 **within the county, city, or town; and**
 24 **(2) involves an expenditure for:**
 25 **(A) the acquisition of land;**
 26 **(B) interests in land;**
 27 **(C) site improvements;**
 28 **(D) infrastructure improvements;**
 29 **(E) buildings;**
 30 **(F) structures;**
 31 **(G) rehabilitation, renovation, and enlargement of**
 32 **buildings and structures;**
 33 **(H) machinery;**
 34 **(I) equipment;**
 35 **(J) furnishings;**
 36 **(K) facilities;**
 37 **(L) administrative expenses associated with a project**
 38 **described in this section, including contract payments to a**
 39 **nonprofit corporation whose primary corporate purpose**
 40 **is to assist government in planning and implementing**
 41 **economic development projects;**
 42 **(M) operating expenses of a governmental entity that plans**



- 1 or implements economic development projects; or
 2 (N) substance removal or remedial action in a designated
 3 county, city, or town;
 4 or any combination of these.
 5 Sec. 9. "Executive" has the meaning set forth in IC 36-1-2-5.
 6 Sec. 10. "Fiscal body" has the meaning set forth in IC 36-1-2-6.
 7 Sec. 11. "Impose" includes adopt, amend, increase, decrease,
 8 and rescind.
 9 Sec. 12. "Local income tax council" means a council established
 10 by IC 6-3.6-3-1.
 11 Sec. 13. "Local taxpayer", as it relates to a particular county,
 12 means any individual who:
 13 (1) resides in that county on the date specified in IC 6-3.6-8-3;
 14 or
 15 (2) maintains the taxpayer's principal place of business or
 16 employment in that county on the date specified in
 17 IC 6-3.6-8-3 and who does not reside on that same date in
 18 another county in Indiana in which a tax under this article is
 19 in effect.
 20 Sec. 14. "Public safety" refers to the following:
 21 (1) A police and law enforcement system to preserve public
 22 peace and order.
 23 (2) A firefighting and fire prevention system.
 24 (3) Emergency ambulance services (as defined in
 25 IC 16-18-2-107).
 26 (4) Emergency medical services (as defined in
 27 IC 16-18-2-110).
 28 (5) Emergency action (as defined in IC 13-11-2-65).
 29 (6) A probation department of a court.
 30 (7) Confinement, supervision, services under a community
 31 corrections program (as defined in IC 35-38-2.6-2), or other
 32 correctional services for a person who has been:
 33 (A) diverted before a final hearing or trial under an
 34 agreement that is between the county prosecuting attorney
 35 and the person or the person's custodian, guardian, or
 36 parent and that provides for confinement, supervision,
 37 community corrections services, or other correctional
 38 services instead of a final action described in clause (B) or
 39 (C);
 40 (B) convicted of a crime; or
 41 (C) adjudicated as a delinquent child or a child in need of
 42 services.



- 1 **(8) A juvenile detention facility under IC 31-31-8.**
 2 **(9) A juvenile detention center under IC 31-31-9.**
 3 **(10) A county jail.**
 4 **(11) A communications system (as defined in IC 36-8-15-3), an**
 5 **enhanced emergency telephone system (as defined in**
 6 **IC 36-8-16-2, before its repeal on July 1, 2012), or the**
 7 **statewide 911 system (as defined in IC 36-8-16.7-22).**
 8 **(12) Medical and health expenses for jailed inmates and other**
 9 **confined persons.**
 10 **(13) Pension payments for any of the following:**
 11 **(A) A member of a fire department (as defined in**
 12 **IC 36-8-1-8) or any other employee of the fire department.**
 13 **(B) A member of a police department (as defined in**
 14 **IC 36-8-1-9), a police chief hired under a waiver under**
 15 **IC 36-8-4-6.5, or any other employee hired by the police**
 16 **department.**
 17 **(C) A county sheriff or any other member of the office of**
 18 **the county sheriff.**
 19 **(D) Other personnel employed to provide a service**
 20 **described in this section.**
 21 **Sec. 15. "Resident local taxpayer", as it relates to a particular**
 22 **county, means any local taxpayer who resides in that county on the**
 23 **date specified in IC 6-3.6-8-3.**
 24 **Sec. 16. "School corporation" has the meaning set forth in**
 25 **IC 6-1.1-1-16.**
 26 **Sec. 17. "Tax" refers to the following:**
 27 **(1) A tax imposed under this article.**
 28 **(2) A tax that was originally imposed under:**
 29 **(A) IC 6-3.5-1 (repealed);**
 30 **(B) IC 6-3.5-1.1 (repealed);**
 31 **(C) IC 6-3.5-6 (repealed); or**
 32 **(D) IC 6-3.5-7 (repealed);**
 33 **and that is continued in effect under this article by**
 34 **IC 6-3.6-1-3.**
 35 **Sec. 18. "Welfare allocation amount" means an amount equal**
 36 **to the sum of the property taxes imposed by the county in 1999 for**
 37 **the county's welfare fund and welfare administration fund and, if**
 38 **the county received a certified distribution under a former tax in**
 39 **2008, the property taxes imposed by the county in 2008 for the**
 40 **county's county medical assistance to wards fund, family and**
 41 **children's fund, children's psychiatric residential treatment**
 42 **services fund, county hospital care for the indigent fund, and**



1 children with special health care needs county fund.

2 Chapter 3. Adopting Body; Adoption Procedures; Effective
3 Date of Ordinances

4 Sec. 1. (a) The following is the adopting body for a county:

5 (1) The local income tax council in a county in which the
6 county income tax council adopted either:

7 (A) a county option income tax under IC 6-3.5-6 (repealed)
8 that was in effect on January 1, 2015; or

9 (B) a county economic development income tax for the
10 county under IC 6-3.5-7 (repealed) that was in effect on
11 January 1, 2015.

12 (2) The county fiscal body in any other county.

13 (b) A local income tax council is established for each county.
14 The membership of each county's local income tax council consists
15 of the fiscal body of the county and the fiscal body of each city or
16 town that lies either partially or entirely within that county.

17 Sec. 2. (a) An adopting body or, if authorized by this article,
18 another governmental entity that is not an adopting body, may
19 take an action under this article only by ordinance, unless this
20 article permits the action to be taken by resolution.

21 (b) The department of local government finance, in consultation
22 with the department of state revenue, shall prescribe and make
23 electronically available uniform notices, ordinances, and
24 resolutions for use by an adopting body or other governmental
25 entity to take an action under this article. An adopting body or
26 other governmental entity may submit a proposed notice,
27 ordinance, or resolution to the department of local government
28 finance for review. The department of local government finance
29 shall provide to the submitting entity a determination of the
30 appropriateness of the proposed notice, ordinance, or resolution,
31 including recommended modifications, within thirty (30) days of
32 receiving the proposed notice, ordinance, or resolution.

33 (c) The department of local government finance shall prescribe
34 the hearing requirements and procedures to be used for submitting
35 a notice and vote results on ordinances and adopting and
36 submitting an ordinance or a resolution under this article.

37 (d) An action taken by an adopting body under this article is not
38 effective and is void unless the adopting body satisfies all the
39 requirements prescribed by the department of local government
40 finance.

41 Sec. 3. (a) An ordinance adopted under this article takes effect
42 as provided in this section.



1 **(b) An ordinance that adopts, increases, decreases, or rescinds**
 2 **a tax or a tax rate takes effect as follows:**

3 **(1) An ordinance adopted after December 31 of the**
 4 **immediately preceding year and before September 1 of the**
 5 **current year takes effect on October 1 of the current year.**

6 **(2) An ordinance adopted after August 31 and before**
 7 **November 1 of the current year takes effect on January 1 of**
 8 **the following year.**

9 **(3) An ordinance adopted after October 31 of the current year**
 10 **and before January 1 of the following year takes effect on**
 11 **October 1 of the following year.**

12 **(c) An ordinance that grants, increases, decreases, rescinds, or**
 13 **changes a credit against the property tax liability of a taxpayer**
 14 **takes effect as follows:**

15 **(1) An ordinance adopted after December 31 of the**
 16 **immediately preceding year and before November 2 of the**
 17 **current year takes effect on January 1 of, and applies to**
 18 **property taxes first due and payable in, the year immediately**
 19 **following the year in which the ordinance is adopted.**

20 **(2) An ordinance adopted after November 1 of the current**
 21 **year and before January 1 of the immediately succeeding year**
 22 **takes effect on January 1 of, and applies to property taxes**
 23 **first due and payable in, the year that follows the current year**
 24 **by two (2) years.**

25 **(d) An ordinance that grants, increases, decreases, rescinds, or**
 26 **changes a distribution or allocation of taxes to a governmental**
 27 **entity other than the county takes effect as follows:**

28 **(1) An ordinance adopted after December 31 of the**
 29 **immediately preceding year and before November 2 of the**
 30 **current year takes effect January 1 of the year immediately**
 31 **following the year in which the ordinance is adopted.**

32 **(2) An ordinance adopted after November 1 of the current**
 33 **year and before January 1 of the immediately succeeding year**
 34 **takes effect January 1 of the year that follows the current**
 35 **year by two (2) years.**

36 **(e) An ordinance not described in subsections (b) through (d)**
 37 **takes effect as provided under IC 36 for other ordinances of the**
 38 **governmental entity adopting the ordinance.**

39 **Sec. 4. (a) Except for a tax rate that has an expiration date, a tax**
 40 **rate remains in effect until the effective date of an ordinance that**
 41 **increases, decreases, or rescinds that tax rate.**

42 **(b) A tax rate may not be changed more than once each year**



- 1 under this article.
- 2 **Sec. 5. (a) The auditor of a county shall record all votes taken on**
 3 **ordinances presented for a vote under this article and not more**
 4 **than ten (10) days after the vote, send a certified copy of the results**
 5 **to:**
- 6 (1) the commissioner of the department of state revenue; and
 - 7 (2) the commissioner of the department of local government
 - 8 finance;
- 9 in an electronic format approved by the commissioner of the
 10 department of local government finance.
- 11 (b) This subsection applies only to a county that has a local
 12 income tax council. The county auditor may cease sending certified
 13 copies after the county auditor sends a certified copy of results
 14 showing that members of the local income tax council have cast a
 15 majority of the votes on the local income tax council for or against
 16 the proposed ordinance.
- 17 **Sec. 6. (a) This section applies to a county in which the county**
 18 **adopting body is a local income tax council.**
- 19 (b) In the case of a city or town that lies within more than one
 20 (1) county, the county auditor of each county shall base the
 21 allocations required by subsection (c) on the population of that
 22 part of the city or town that lies within the county for which the
 23 allocations are being made.
- 24 (c) Each local income tax council has a total of one hundred
 25 (100) votes. Each member of a local income tax council is allocated
 26 a percentage of the total one hundred (100) votes that may be cast.
 27 The percentage that a city or town is allocated for a year equals the
 28 same percentage that the population of the city or town bears to
 29 the population of the county. The percentage that the county is
 30 allocated for a year equals the same percentage that the population
 31 of all areas in the county not located in a city or town bears to the
 32 population of the county. On or before January 1 of each year, the
 33 county auditor shall certify to each member of the local income tax
 34 council the number of votes, rounded to the nearest one hundredth
 35 (0.01), each member has for that year.
- 36 **Sec. 7. (a) This section applies to a county in which the county**
 37 **adopting body is a local income tax council.**
- 38 (b) Before a member of the local income tax council may
 39 propose an ordinance or vote on a proposed ordinance, the
 40 member must hold a public hearing on the proposed ordinance and
 41 provide the public with notice of the time and place where the
 42 public hearing will be held.



1 (c) The notice required by subsection (b) must be given in
2 accordance with IC 5-3-1 and include the proposed ordinance or
3 resolution to propose an ordinance.

4 Sec. 8. (a) This section applies to a county in which the county
5 adopting body is a local income tax council.

6 (b) Any member of a local income tax council may present an
7 ordinance for passage. To do so, the member must adopt a
8 resolution to propose the ordinance to the local income tax council
9 and distribute a copy of the proposed ordinance to the county
10 auditor. The county auditor shall treat any proposed ordinance
11 distributed to the auditor under this section as a casting of all that
12 member's votes in favor of the proposed ordinance.

13 (c) The county auditor shall deliver copies of a proposed
14 ordinance the auditor receives to all members of the local income
15 tax council within ten (10) days after receipt. Subject to subsection
16 (d), once a member receives a proposed ordinance from the county
17 auditor, the member shall vote on it within thirty (30) days after
18 receipt.

19 (d) If, before the elapse of thirty (30) days after receipt of a
20 proposed ordinance, the county auditor notifies the member that
21 the members of the local income tax council have cast a majority
22 of the votes on the local income tax council for or against the
23 proposed ordinance, the member need not vote on the proposed
24 ordinance.

25 Sec. 9. (a) This section applies to a county in which the county
26 adopting body is a local income tax council.

27 (b) A member of the local income tax council may exercise its
28 votes by passing a resolution and transmitting the resolution to the
29 county auditor.

30 (c) A resolution passed by a member of the local income tax
31 council exercises all votes of the member on the proposed
32 ordinance, and those votes may not be changed during the year.

33 Sec. 10. (a) This section applies to a county in which the county
34 adopting body is a local income tax council.

35 (b) A local income tax council may pass only one (1) ordinance
36 adopting, increasing, decreasing, or rescinding a tax in one (1)
37 year. Once the ordinance has been passed, the county auditor shall:

- 38 (1) cease distributing those types of proposed ordinances for
39 the rest of the year; and
- 40 (2) withdraw from the membership any other of those types
41 of proposed ordinances.

42 Any votes subsequently received by the county auditor on those



1 types of proposed ordinances during that same year are void.

2 (c) The local income tax council may not vote on, nor may the
3 county auditor distribute to the members of the local income tax
4 council, any proposed ordinance during a year, if previously
5 during that same year the county auditor received and distributed
6 to the members of the local income tax council a proposed
7 ordinance whose passage would have substantially the same effect.

8 Sec. 11. (a) This section applies to a county in which the county
9 adopting body is a local income tax council.

10 (b) A local income tax council must, before August 1 of each
11 odd-numbered year, hold at least one (1) public meeting at which
12 the local income tax council discusses whether the tax rate under
13 IC 6-3.6-6 should be adjusted.

14 **Chapter 4. Imposition of Tax**

15 Sec. 1. (a) A tax is imposed on the adjusted gross income of local
16 taxpayers at a tax rate that is a sum of the tax rates imposed by the
17 county's adopting body and in effect in the county.

18 (b) The combined tax rates imposed under IC 6-3.6-5,
19 IC 6-3.6-6, and IC 6-3.6-7 constitute the tax imposed on the
20 adjusted gross income of local taxpayers in the county.

21 Sec. 2. Subject to section 3 of this chapter, a tax rate authorized
22 under IC 6-3.6-5, IC 6-3.6-6, or IC 6-3.6-7 may be adopted,
23 increased, decreased, or rescinded without adopting, increasing,
24 decreasing, or rescinding a tax rate authorized by either of the two
25 (2) other chapters. However, an adopting body may:

26 (1) adopt, increase, decrease, or rescind a tax authorized
27 under a particular chapter of this article; and

28 (2) adopt, increase, decrease, or rescind a tax authorized
29 under another chapter of this article;

30 in the same ordinance.

31 Sec. 3. If there are bonds or leases outstanding that are payable
32 from a tax imposed under IC 6-3.6-6 or IC 6-3.6-7 (but not
33 IC 6-3.6-5), the adopting body may not reduce the tax rate below
34 a rate that would produce one and twenty-five hundredths (1.25)
35 times the total of the highest annual outstanding debt service plus
36 the highest annual lease payments plus any amount required under
37 the agreements for the bonds or leases to be deposited in a sinking
38 fund or other reserve, unless:

39 (1) the adopting body; or

40 (2) any city, town, or county;

41 pledges all or a part of its share of revenues from the tax imposed
42 under IC 6-3.6-6 or IC 6-3.6-7 (but not IC 6-3.6-5) for the life of the



1 bonds or the term of the lease, in an amount that is sufficient, when
 2 combined with the amount pledged by the city, town, or county
 3 that issued the bonds, to produce one and twenty-five hundredths
 4 (1.25) times the total of the highest annual outstanding debt service
 5 plus the highest annual lease payments plus the amount required
 6 under the agreements for the bonds or leases to be deposited in a
 7 sinking fund or other reserve.

8 **Chapter 5. Property Tax Relief Rates**

9 **Sec. 1.** An adopting body may impose a tax under section 6 of
 10 this chapter on the adjusted gross income of local taxpayers in the
 11 county served by the adopting body.

12 **Sec. 2.** A tax imposed under this chapter shall be treated as
 13 property taxes for all purposes. However, the department of local
 14 government finance may not reduce:

15 (1) any taxing unit's maximum permissible property tax levy
 16 limit under IC 6-1.1-18.5; or

17 (2) the approved property tax levy or rate for any fund;
 18 by the amount of any credits granted under this chapter.

19 **Sec. 3.** To impose a tax under this chapter, the adopting body
 20 must adopt an ordinance finding and determining that revenues
 21 from the tax are needed for the purposes described in section 6 of
 22 this chapter.

23 **Sec. 4. (a)** A credit granted under this chapter shall be applied
 24 to reduce the property tax liability of a taxpayer before the
 25 application of a credit granted under IC 6-1.1-20.4 or
 26 IC 6-1.1-20.6.

27 (b) A reduction in property taxes granted under section 6 of this
 28 chapter shall be applied to reduce the property tax liability of a
 29 taxpayer in the order set forth in section 6 of this chapter.

30 **Sec. 5.** The auditor of state shall assist adopting bodies and
 31 county auditors in calculating credit percentages and amounts
 32 under this chapter.

33 **Sec. 6. (a)** This section applies to all counties.

34 (b) The adopting body may impose a tax rate under this chapter
 35 that does not exceed one percent (1.0%) on the adjusted gross
 36 income of local taxpayers in the county served by the adopting
 37 body.

38 (c) Revenues from a tax under this section may be used only for
 39 the purpose of funding a property tax credit applied on a
 40 percentage basis to reduce the property tax liability of taxpayers
 41 with tangible property located in the county as authorized under
 42 this section. The following are property taxes that are not eligible



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for a credit under this section:

(1) Property taxes imposed due to a referendum in which a majority of the voters in the taxing unit imposing the property taxes approved the property taxes.

(2) A property tax that does not qualify as an allocation amount.

(d) The adopting body shall specify by ordinance how the revenue from the tax shall be applied to provide property tax credits among any combination of the following categories:

(1) For homesteads eligible for a credit under IC 6-1.1-20.6-7.5 that limits the taxpayer's property tax liability for the property to one percent (1%).

(2) For residential property, long term care property, agricultural land, and other tangible property (if any) eligible for a credit under IC 6-1.1-20.6-7.5 that limits the taxpayer's property tax liability for the property to two percent (2%).

(3) For nonresidential real property, personal property, and other tangible property (if any) eligible for a credit under IC 6-1.1-20.6-7.5 that limits the taxpayer's property tax liability for the property to three percent (3%). A taxpayer that owns an industrial plant located in Jasper County is ineligible for a credit under this section against the property taxes due on the industrial plant if the assessed value of the industrial plant as of March 1, 2006, exceeds twenty percent (20%) of the total assessed value of all taxable property in the county on that date. The general assembly finds that the provisions of this subsection are necessary because the industrial plant represents such a large percentage of Jasper County's assessed valuation.

(4) This subdivision applies only to Lake County. The rate under the former tax in Lake County that was used for any of the following shall be categorized under this chapter and used for the following:

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

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

(i) The tax revenue under this section that is collected from taxpayers within a particular municipality in Lake County (as determined by the department of state revenue based on the department's best estimate) shall



1 be used only to provide a local property tax credit
2 against property taxes imposed by that municipality.

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

8 The local property tax credit for the unincorporated
9 area of Lake County shall be available only to those
10 taxpayers within the unincorporated area of the county.

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

13 (i) Sixty percent (60%) of the tax revenue shall be used
14 as provided in clause (B).

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

26 The Lake County council shall determine whether the credits
27 under clause (A), (B), or (C) shall be provided to homesteads,
28 to all qualified residential property, or to all taxpayers. The
29 department of local government finance, with the assistance
30 of the budget agency, shall certify to the county auditor and
31 the fiscal body of the county and each township and
32 municipality in the county the amount of property tax credits
33 under this subdivision. The tax revenue under this section that
34 is used to provide credits under this subdivision shall be
35 treated for all purposes as property tax levies but shall not be
36 considered for purposes of computing the maximum
37 permissible property tax levy under IC 6-1.1-18.5-3 or the
38 credit under IC 6-1.1-20.6.

39 (e) Within a category described in subsection (d) for which an
40 ordinance grants property tax credits, the property tax credit rate
41 must be a uniform percentage for all qualifying taxpayers with
42 property in that category in the county. The total of all tax credits



1 granted under this section for a year may not exceed the amount
 2 of revenue raised by the tax imposed under this section. If the
 3 amount available in a year for property tax credits under this
 4 section is less than the amount necessary to provide all the
 5 property tax credits authorized by the adopting body, the county
 6 auditor shall reduce the property tax credits granted to eliminate
 7 the excess. The county auditor shall reduce credits uniformly only
 8 within the categories described in subsection (d)(1) through (d)(3)
 9 as follows:

10 (1) First, against property taxes imposed on property
 11 described in subsection (d)(3).

12 (2) Second, if an excess remains after applying the reduction
 13 as described in subdivision (1), against property taxes
 14 imposed on property described in subsection (d)(2).

15 (3) Third, if an excess remains after applying the reduction as
 16 described in subdivisions (1) and (2), against property taxes
 17 imposed on property described in subsection (d)(1).

18 (f) The total of all tax credits granted under this section for a
 19 year may not exceed the amount authorized by the adopting body.
 20 If the amount available in a year for property tax credits under
 21 this section is greater than the amount necessary to provide all the
 22 property tax credits authorized by the adopting body, the county
 23 auditor shall retain and apply the excess as necessary to provide
 24 the property tax credits authorized by the adopting body for the
 25 following year. The adopting body may adopt an ordinance that
 26 directs to which categories described in subsection (d) the excess is
 27 to be uniformly applied.

28 (g) The county auditor shall allocate the amount of revenue
 29 applied as tax credits under this section to the taxing units that
 30 imposed the eligible property taxes against which the credits are
 31 applied.

32 **Chapter 6. Expenditure Rate**

33 **Sec. 1.** An adopting body may impose a tax under section 2 of
 34 this chapter on the adjusted gross income of local taxpayers in the
 35 county served by the adopting body.

36 **Sec. 2. (a)** This section applies to all counties.

37 (b) The adopting body may impose a tax rate under this chapter
 38 that does not exceed:

39 (1) two and five-tenths percent (2.5%) in all counties other
 40 than Marion County; and

41 (2) two and seventy-five hundredths percent (2.75%) in
 42 Marion County;



1 on the adjusted gross income of local taxpayers in the county
 2 served by the adopting body.

3 **Sec. 3. Revenue raised from a tax imposed under this chapter**
 4 **shall be treated as follows:**

5 (1) To make distributions to school corporations. The revenue
 6 categorized from the first twenty-five hundredths percent
 7 (0.25%) of the rate for a former tax adopted under
 8 IC 6-3.5-1.1 (repealed) shall be allocated to school
 9 corporations. The amount of the allocation to a school
 10 corporation shall be determined using the attributed
 11 allocation amounts for civil taxing units and school
 12 corporations in the determination.

13 (2) The remaining revenue shall be treated as additional
 14 revenue (referred to as additional revenue in this chapter).
 15 Additional revenue may not be considered by the department
 16 of local government finance in determining:

17 (A) any taxing unit's maximum permissible property tax
 18 levy limit under IC 6-1.1-18.5; or

19 (B) the approved property tax rate for any fund.

20 **Sec. 4. The adopting body shall, by ordinance, determine how**
 21 **the additional revenue from a tax under this chapter must be**
 22 **allocated among the following uses as provided in this chapter:**

23 (1) Public safety.

24 (2) Economic development projects.

25 (3) Certified shares.

26 **The ordinance may describe the allocation of additional revenue by**
 27 **use of percentages or dollar amounts.**

28 **Sec. 5. The adopting body may not allocate in a year less to the**
 29 **payment of bonds or leases for which the tax under this chapter**
 30 **has been pledged in accordance with law than the amount pledged**
 31 **and payable in that year or required under the agreements for the**
 32 **bonds or leases to be deposited in a sinking fund or other reserve**
 33 **in that year.**

34 **Sec. 6. (a) The total amount allocated in a year to the uses**
 35 **described in section 4 of this chapter may not, in the aggregate,**
 36 **exceed the amount of additional revenue raised by the tax imposed**
 37 **under this chapter for that year. If the amount available in a year**
 38 **is less than the amount necessary to fund all the purposes**
 39 **authorized by the adopting body, the county auditor shall reduce**
 40 **the amount distributed to these purposes to eliminate the deficit.**

41 (b) The county auditor may not in a year reduce an allocation
 42 of money pledged to make bond payments or lease payments less



1 than the amount pledged to make payments in that year.

2 (c) Subject to subsection (b), the county auditor shall reduce
3 allocations under this section in accordance with the instructions
4 in an ordinance adopted by the adopting body. To the extent that
5 the adopting body has not adopted an ordinance to specify how a
6 deficiency is to be eliminated, or the ordinance does not eliminate
7 the deficiency, the county auditor shall, subject to subsection (b),
8 uniformly reduce allocations in each category.

9 Sec. 7. The county auditor may not allocate more than the
10 amount authorized by the adopting body. If the amount available
11 in a year for allocation under this chapter is greater than the
12 amount necessary to fund all the purposes authorized by the
13 adopting body, the county auditor shall:

- 14 (1) allocate the excess as directed by the adopting body; or
15 (2) in the absence of an ordinance that allocates all the excess,
16 retain the excess and apply it, as necessary, to fund the
17 purposes authorized by the adopting body for the following
18 year.

19 Sec. 8. (a) This section applies to the allocation of additional
20 revenue from a tax under this chapter to public safety purposes.

21 (b) This subsection applies to Marion County. The adopting
22 body may allocate part or all of the certified distribution that is
23 allocated to public safety purposes to fund the operation of a public
24 communications system and computer facilities district as provided
25 in an election, if any, made by the county fiscal body under
26 IC 36-8-15-19(b).

27 (c) Except as provided in subsection (d), the amount of the
28 certified distribution that is allocated to public safety purposes,
29 and for Marion County after making allocations under subsection
30 (b), shall be allocated to the county and to each municipality in the
31 county that is carrying out or providing at least one (1) public
32 safety purpose. The amount allocated under this subsection to a
33 county or municipality is equal to the result of:

- 34 (1) the amount of the certified distribution that is allocated to
35 public safety purposes; multiplied by
36 (2) a fraction equal to:

37 (A) the total property taxes imposed in the county by the
38 municipality for the calendar year; divided by

39 (B) the sum of the total property taxes imposed in the
40 county by each municipality in the county that is entitled
41 to a distribution under this section for the calendar year.

42 (d) A fire department, volunteer fire department, or emergency



1 **medical services provider that:**
 2 **(1) provides fire protection or emergency medical services**
 3 **within the county; and**
 4 **(2) is operated by or serves a political subdivision that is not**
 5 **otherwise entitled to receive a distribution of tax revenue**
 6 **under this section;**
 7 **may, before July 1 of a year, apply to the adopting body for a**
 8 **distribution of tax revenue under this section during the following**
 9 **calendar year. The adopting body shall review an application**
 10 **submitted under this subsection and may, before September 1 of a**
 11 **year, adopt a resolution requiring that one (1) or more of the**
 12 **applicants shall receive a specified amount of the tax revenue to be**
 13 **distributed under this section during the following calendar year.**
 14 **A resolution approved under this subsection providing for a**
 15 **distribution to one (1) or more fire departments, volunteer fire**
 16 **departments, or emergency medical services providers applies only**
 17 **to distributions in the following calendar year. Any amount of tax**
 18 **revenue distributed under this subsection to a fire department,**
 19 **volunteer fire department, or emergency medical services provider**
 20 **shall be distributed before the remainder of the tax revenue is**
 21 **allocated under subsection (c).**
 22 **Sec. 9. (a) This section applies to the allocation of additional**
 23 **revenue from a tax under this chapter for economic development**
 24 **purposes.**
 25 **(b) Money designated for economic development purposes shall**
 26 **be allocated to the county, cities, and towns for use by the taxing**
 27 **unit's fiscal body for any of the purposes described in IC 6-3.6-10.**
 28 **Except as provided in subsections (c) and (d), and subject to**
 29 **adjustment as provided in IC 36-8-19-7.5, the amount of the**
 30 **certified distribution allocated to economic development purposes**
 31 **that the county and each city or town in a county is entitled to**
 32 **receive each month of each year equals the amount determined**
 33 **using the following formula:**
 34 **STEP ONE: Determine the sum of:**
 35 **(A) the total property taxes being imposed by the county,**
 36 **city, or town during the calendar year of the distribution;**
 37 **plus**
 38 **(B) for a county, the welfare allocation amount.**
 39 **STEP TWO: Determine the sum of the following:**
 40 **(A) Amounts appropriated from property taxes to pay the**
 41 **principal of or interest on any debenture or other debt**
 42 **obligation issued after June 30, 2005, other than an**



- 1 obligation described in subsection (e).
- 2 (B) Amounts appropriated from property taxes to make
- 3 payments on any lease entered into after June 30, 2005,
- 4 other than a lease described in subsection (f).
- 5 **STEP THREE: Subtract the STEP TWO amount from the**
- 6 **STEP ONE amount.**
- 7 **STEP FOUR: Determine the quotient of:**
- 8 (A) The STEP THREE amount; divided by
- 9 (B) the sum of the total property taxes that are first due
- 10 and payable to the county and all cities and towns of the
- 11 county during the calendar year in which the month falls,
- 12 plus the welfare allocation amount.
- 13 **STEP FIVE: Determine the product of:**
- 14 (A) the amount of the certified distribution allocated to
- 15 economic development purposes for that month; multiplied
- 16 by
- 17 (B) the STEP FOUR amount.
- 18 (c) The body imposing the tax may adopt an ordinance before
- 19 August 2 of a year to provide for a distribution of the amount
- 20 allocated to economic development purposes based on population
- 21 instead of a distribution under subsection (b). The following apply
- 22 if an ordinance is adopted under this subsection:
- 23 (1) The ordinance is effective January 1 of the following year.
- 24 (2) The amount of the certified distribution allocated to
- 25 economic development purposes that the county and each city
- 26 and town in the county are entitled to receive during each
- 27 month of each year equals the product of:
- 28 (A) the amount of the certified distribution that is allocated
- 29 to economic development purposes for the month;
- 30 multiplied by
- 31 (B) the quotient of:
- 32 (A) for a city or town, the population of the city or the
- 33 town that is located in the county and for a county, the
- 34 population of the part of the county that is not located in
- 35 a city or town; divided by
- 36 (B) the sum of the population of all cities and towns
- 37 located in the county and the population of the part of
- 38 the county that is not located in a city or town.
- 39 (3) The ordinance may be made irrevocable for the duration
- 40 of specified lease rental or debt service payments.
- 41 (d) In a county having a consolidated city, only the consolidated
- 42 city is entitled to the amount of the certified distribution that is



1 allocated to economic development purposes.

2 (e) Except as provided in this subsection, an appropriation from
3 property taxes to repay interest and principal of a debt obligation
4 is not deducted from the allocation amount for a civil taxing unit
5 if:

6 (1) the debt obligation was issued; and

7 (2) the proceeds were appropriated from property taxes;
8 to refund or otherwise refinance a debt obligation or a lease issued
9 before July 1, 2005. However, an appropriation from property
10 taxes related to a debt obligation issued after June 30, 2005, is
11 deducted if the debt extends payments on a debt or lease beyond
12 the time in which the debt or lease would have been payable if the
13 debt or lease had not been refinanced or increases the total amount
14 that must be paid on a debt or lease in excess of the amount that
15 would have been paid if the debt or lease had not been refinanced.
16 The amount of the deduction is the annual amount for each year of
17 the extension period or the annual amount of the increase over the
18 amount that would have been paid.

19 (f) Except as provided in this subsection, an appropriation from
20 property taxes to make payments on a lease is not deducted from
21 the allocation amount for a civil taxing unit if:

22 (1) the lease was issued; and

23 (2) the proceeds were appropriated from property taxes;
24 to refinance a debt obligation or lease issued before July 1, 2005.
25 However, an appropriation from property taxes related to a lease
26 entered into after June 30, 2005, is deducted if the lease extends
27 payments on a debt or lease beyond the time in which the debt or
28 lease would have been payable if the debt or lease had not been
29 refinanced or increases the total amount that must be paid on a
30 debt or lease in excess of the amount that would have been paid if
31 the debt or lease had not been refinanced. The amount of the
32 deduction is the annual amount for each year of the extension
33 period or the annual amount of the increase over the amount that
34 would have been paid.

35 Sec. 10. (a) This section applies to additional revenue from a tax
36 under this chapter that is allocated for certified shares.

37 (b) Additional revenue remaining from a tax imposed under this
38 chapter, after deducting the amounts allocated to public safety
39 purposes and economic development purposes, shall be allocated
40 among the civil taxing units as certified shares.

41 Sec. 11. (a) This section applies to an allocation of certified
42 shares in all counties.



1 (b) Subject to this chapter, any civil taxing unit that imposes an
2 ad valorem property tax in the county that has a tax rate in effect
3 under this chapter is eligible for an allocation under this chapter.

4 (c) A school corporation is not a civil taxing unit for the purpose
5 of receiving an allocation of certified shares under this chapter.

6 (d) A county solid waste management district (as defined in
7 IC 13-11-2-47) or a joint solid waste management district (as
8 defined in IC 13-11-2-113) is not a civil taxing unit for the purpose
9 of receiving an allocation of certified shares under this chapter
10 unless a majority of the members of each of the county fiscal bodies
11 of the counties within the district passes a resolution approving the
12 distribution.

13 (e) A resolution passed by a county fiscal body under subsection
14 (d) may:

15 (1) expire on a date specified in the resolution; or

16 (2) remain in effect until the county fiscal body revokes or
17 rescinds the resolution.

18 Sec. 12. (a) This section applies to an allocation of certified
19 shares in all counties.

20 (b) The allocation amount of a civil taxing unit during a
21 calendar year is equal to the amount determined using the
22 following formula:

23 STEP ONE: Determine the sum of the total property taxes
24 being imposed by the civil taxing unit during the calendar
25 year of the distribution.

26 STEP TWO: Determine the sum of the following:

27 (A) Amounts appropriated from property taxes to pay the
28 principal of or interest on any debenture or other debt
29 obligation issued after June 30, 2005, other than an
30 obligation described in subsection (c).

31 (B) Amounts appropriated from property taxes to make
32 payments on any lease entered into after June 30, 2005,
33 other than a lease described in subsection (d).

34 STEP THREE: Subtract the STEP TWO amount from the
35 STEP ONE amount.

36 STEP FOUR: Determine the sum of:

37 (A) the STEP THREE amount; plus

38 (B) the civil taxing unit's certified shares for the previous
39 calendar year.

40 The allocation amount is subject to adjustment as provided in
41 IC 36-8-19-7.5.

42 (c) Except as provided in this subsection, an appropriation from



1 **property taxes to repay interest and principal of a debt obligation**
 2 **is not deducted from the allocation amount for a civil taxing unit**
 3 **if:**

4 **(1) the debt obligation was issued; and**

5 **(2) the proceeds were appropriated from property taxes;**
 6 **to refund or otherwise refinance a debt obligation or a lease issued**
 7 **before July 1, 2005. However, an appropriation from property**
 8 **taxes related to a debt obligation issued after June 30, 2005, is**
 9 **deducted if the debt extends payments on a debt or lease beyond**
 10 **the time in which the debt or lease would have been payable if the**
 11 **debt or lease had not been refinanced or increases the total amount**
 12 **that must be paid on a debt or lease in excess of the amount that**
 13 **would have been paid if the debt or lease had not been refinanced.**
 14 **The amount of the deduction is the annual amount for each year of**
 15 **the extension period or the annual amount of the increase over the**
 16 **amount that would have been paid.**

17 **(d) Except as provided in this subsection, an appropriation from**
 18 **property taxes to make payments on a lease is not deducted from**
 19 **the allocation amount for a civil taxing unit if:**

20 **(1) the lease was issued; and**

21 **(2) the proceeds were appropriated from property taxes;**
 22 **to refinance a debt obligation or lease issued before July 1, 2005.**
 23 **However, an appropriation from property taxes related to a lease**
 24 **entered into after June 30, 2005, is deducted if the lease extends**
 25 **payments on a debt or lease beyond the time in which the debt or**
 26 **lease would have been payable if the debt or lease had not been**
 27 **refinanced or increases the total amount that must be paid on a**
 28 **debt or lease in excess of the amount that would have been paid if**
 29 **the debt or lease had not been refinanced. The amount of the**
 30 **deduction is the annual amount for each year of the extension**
 31 **period or the annual amount of the increase over the amount that**
 32 **would have been paid.**

33 **Sec. 13. (a) This section applies to an allocation of certified**
 34 **shares in all counties.**

35 **(b) The attributed allocation amount of a civil taxing unit**
 36 **during a calendar year is equal to the sum of:**

37 **(1) the allocation amount of the civil taxing unit for that**
 38 **calendar year; plus**

39 **(2) the current ad valorem property tax levy of any special**
 40 **taxing district, authority, board, or other entity formed to**
 41 **discharge governmental services or functions on behalf of or**
 42 **ordinarily attributable to the civil taxing unit; plus**



- 1 **(3) in the case of a county, the welfare allocation amount.**
 2 **Sec. 14. (a) This section applies to an allocation of certified**
 3 **shares in a county other than Marion County.**
 4 **(b) Subject to this chapter, certified shares must be allocated**
 5 **among civil taxing units based on the attributed allocation amount.**
 6 **(c) The amount of certified shares to be allocated to each civil**
 7 **taxing unit is equal to:**
 8 **(1) the total amount of the certified distribution that is**
 9 **allocated to certified shares for the county for the month;**
 10 **multiplied by**
 11 **(2) the quotient of:**
 12 **(A) the attributed allocation amount for the civil taxing**
 13 **unit in the county during the calendar year; divided by**
 14 **(B) the sum of the attributed allocation amounts for all**
 15 **civil taxing units in the county during the calendar year.**
 16 **Sec. 15. (a) This section applies to an allocation or distribution,**
 17 **or both, of certified shares that is required to be made to a civil**
 18 **taxing unit in a county other than Marion County.**
 19 **(b) IC 36-8-19-7.5 applies to the adjustment of the amounts**
 20 **distributed to a civil taxing unit that participates in a fire**
 21 **protection territory.**
 22 **Sec. 16. (a) This section applies to the allocation of certified**
 23 **shares in Marion County.**
 24 **(b) The consolidated city, the county, all special taxing districts,**
 25 **special service districts, included towns (as defined in IC 36-3-1-7),**
 26 **and all other political subdivisions except:**
 27 **(1) townships;**
 28 **(2) excluded cities (as defined in IC 36-3-1-7); and**
 29 **(3) school corporations;**
 30 **are considered to comprise one (1) civil taxing unit whose fiscal**
 31 **body is the fiscal body of the consolidated city.**
 32 **(c) The amount of certified shares to be allocated to each civil**
 33 **taxing unit is equal to:**
 34 **(1) the total amount of the certified distribution that is**
 35 **allocated to certified shares for the county for the month;**
 36 **multiplied by**
 37 **(2) the following factor:**
 38 **.0251 for Center Township**
 39 **.00217 for Decatur Township**
 40 **.0023 for Franklin Township**
 41 **.01177 for Lawrence Township**
 42 **.01130 for Perry Township**



1 **.01865 for Pike Township**
2 **.01359 for Warren Township**
3 **.01346 for Washington Township**
4 **.01307 for Wayne Township**
5 **.00858 for Lawrence-City**
6 **.00845 for Beech Grove**
7 **.00025 for Southport**
8 **.00722 for Speedway**
9 **.86409 for Indianapolis/Marion County.**

10 **Sec. 17. A civil taxing unit may use its certified shares for any of**
11 **the purposes of the civil taxing unit.**

12 **Sec. 18. A civil taxing unit may pledge its certified shares to the**
13 **payment of bonds or to lease payments for:**

14 **(1) any purpose of the civil taxing unit;**
15 **(2) any purpose of another governmental entity located in any**
16 **part in the county, including a governmental entity organized**
17 **on a regional basis; or**
18 **(3) any purpose for which certified shares may be used under**
19 **IC 6-3.6-10.**

20 **The pledge must be approved in an ordinance adopted by the fiscal**
21 **body of the political subdivision.**

22 **Sec. 19. (a) A civil taxing unit may distribute any part of its**
23 **certified shares to any governmental entity located in any part of**
24 **its county to:**

25 **(1) carry out a joint purpose; or**
26 **(2) fund the purposes of the other governmental entity;**
27 **including a governmental entity organized on a regional basis to**
28 **serve an area in more than one (1) county.**

29 **(b) The distribution must be authorized by ordinance of the**
30 **fiscal body of the civil taxing unit to which the revenue is allocated**
31 **by this chapter. An ordinance must specify the purpose of the**
32 **designation and its duration.**

33 **(c) The fiscal body of the civil taxing unit may direct the county**
34 **auditor in the ordinance to withhold from the civil taxing unit's**
35 **allocation the amount that is the subject of the ordinance and**
36 **distribute the amount directly to the other governmental entity**
37 **authorized to receive the money.**

38 **Chapter 7. Special Purpose Rates**

39 **Sec. 1. Maintaining low property tax rates is essential to**
40 **economic development. The use of a tax imposed for the purposes**
41 **of this chapter, rather than the use of property taxes, promotes this**
42 **policy.**



1 **Sec. 2. An adopting body may impose a tax on the adjusted gross**
 2 **income of local taxpayers in the county served by the adopting**
 3 **body that is a combination of one (1) or more of the tax rates**
 4 **permitted in this chapter in the county served by the adopting**
 5 **body. The total of all tax rates under this chapter in a county may**
 6 **not be greater than the sum of the tax rates specified in this**
 7 **chapter for special purpose projects in the county and may be**
 8 **imposed only for the length of time that rate was permitted under**
 9 **the former tax law.**

10 **Sec. 3. (a) A separate tax rate is permitted under this chapter**
 11 **for each of the following purposes:**

12 **(1) To finance, construct, acquire, improve, renovate,**
 13 **remodel, or equip a criminal justice facility, including a court,**
 14 **a jail, a juvenile detention center facility, or a juvenile**
 15 **probation facility, including:**

16 **(A) related buildings and parking facilities;**

17 **(B) costs related to the demolition of existing buildings;**

18 **(C) the acquisition of land; and**

19 **(D) any other reasonably related costs;**

20 **for these purposes.**

21 **(2) To renovate a former county hospital for additional office**
 22 **space, educational facilities, nonsecure juvenile facilities, and**
 23 **other county functions.**

24 **(3) To finance, construct, acquire, renovate, and equip**
 25 **buildings for a volunteer fire department (as defined in**
 26 **IC 36-8-12-2) that provides services in any part of the county.**

27 **(4) To finance, construct, acquire, and renovate firefighting**
 28 **apparatus or other related equipment for a volunteer fire**
 29 **department (as defined in IC 36-8-12-2) that provides services**
 30 **in any part of the county.**

31 **(5) To finance, construct, acquire, renovate, and operate a**
 32 **public transportation system described in IC 8-25.**

33 **(6) To carry out the purposes set forth throughout this**
 34 **chapter.**

35 **(b) The rate permitted under subsection (a)(1) may include a**
 36 **rate to repay bonds issued or leases entered into for a purpose**
 37 **described in subsection (a)(1). A tax rate imposed under this**
 38 **section may be imposed only until the last of the following dates:**

39 **(1) The date on which the purposes described in subsection**
 40 **(a)(1) are completed.**

41 **(2) The date on which the last of any bonds issued (including**
 42 **any refunding bonds) or leases described in subsection (a) are**



- 1 fully paid.
- 2 However, for a bond or lease entered into after December 31, 2015,
- 3 the term of the bonds issued (including any refunding bonds) or a
- 4 lease entered into under this section may not exceed twenty (20)
- 5 years.
- 6 (c) Money accumulated from the tax under this section after:
- 7 (1) the redemption of bonds issued; or
- 8 (2) the final payment of lease rentals due under a lease
- 9 entered into under this section;
- 10 shall be transferred to the county highway fund to be used for
- 11 construction, resurfacing, restoration, and rehabilitation of county
- 12 highways, roads, and bridges.
- 13 Sec. 4. In order to impose a tax under this chapter, the adopting
- 14 body must adopt an ordinance finding and determining that
- 15 revenues from the tax are needed for the purposes described in the
- 16 section under which the tax is imposed.
- 17 Sec. 5. Revenue raised from a tax imposed under this chapter
- 18 shall be treated as additional revenue and may not be considered
- 19 by the department of local government finance in determining:
- 20 (1) any taxing unit's maximum permissible property tax levy
- 21 limit under IC 6-1.1-18.5; or
- 22 (2) the approved property tax rate for any fund.
- 23 Sec. 6. A governmental entity to which revenue raised from a
- 24 tax under this chapter is distributed must segregate the amount
- 25 raised from the tax in a separate account or fund and maintain
- 26 sufficient records, as required by the state board of accounts, to
- 27 demonstrate that the revenue is used only for the purposes for
- 28 which the tax was imposed.
- 29 Sec. 7. (a) This section applies to Daviess County.
- 30 (b) Daviess County possesses unique governmental and
- 31 economic development challenges due to:
- 32 (1) underemployment in relation to similarly situated counties
- 33 and the loss of a major manufacturing business;
- 34 (2) an increase in property taxes for taxable years after
- 35 December 31, 2000, for the construction of a new elementary
- 36 school; and
- 37 (3) overcrowding of the county jail, the costs associated with
- 38 housing the county's inmates outside the county, and the
- 39 potential unavailability of additional housing for inmates
- 40 outside the county.
- 41 The use of a tax under this section is necessary for the county to
- 42 provide adequate jail capacity in the county and to maintain low



1 property tax rates essential to economic development. The use of
 2 a tax under this section for the purposes of this section, rather than
 3 the use of property taxes, promotes these purposes.

4 (c) The county fiscal body may impose a tax on the adjusted
 5 gross income of local taxpayers at a tax rate that does not exceed
 6 the lesser of the following:

7 (1) Twenty-five hundredths percent (0.25%).

8 (2) The rate necessary to carry out the purposes described in
 9 this section.

10 (d) Revenue from the tax under this section may be used only
 11 for the following purposes:

12 (1) To finance, construct, acquire, improve, renovate,
 13 remodel, or equip the county jail and related buildings and
 14 parking facilities, including costs related to the demolition of
 15 existing buildings, the acquisition of land, and any other
 16 reasonably related costs.

17 (2) To repay bonds issued or leases entered into for
 18 constructing, acquiring, improving, renovating, remodeling,
 19 and equipping the county jail and related buildings and
 20 parking facilities, including costs related to the demolition of
 21 existing buildings, the acquisition of land, and any other
 22 reasonably related costs.

23 (e) The tax imposed under this section may be imposed only
 24 until the last of the following dates:

25 (1) The date on which the purposes described in subsection
 26 (d)(1) are completed.

27 (2) The date on which the last of any bonds issued (including
 28 any refunding bonds) or leases described in subsection (d)(2)
 29 are fully paid.

30 The term of the bonds issued (including any refunding bonds) or a
 31 lease entered into under subsection (d)(2) may not exceed
 32 twenty-five (25) years.

33 (f) Money accumulated from the tax under this section after:

34 (1) the redemption of bonds issued; or

35 (2) the final payment of lease rentals due under a lease
 36 entered into under this section;

37 shall be transferred to the county highway fund to be used for
 38 construction, resurfacing, restoration, and rehabilitation of county
 39 highways, roads, and bridges.

40 Sec. 8. (a) This section applies to Elkhart County.

41 (b) The county fiscal body may impose a tax on the adjusted
 42 gross income of local taxpayers at a tax rate that does not exceed



1 the lesser of the following:

2 (1) Twenty-five hundredths percent (0.25%).

3 (2) The rate necessary to carry out the purposes described in
4 subsection (c).

5 (c) Revenue raised from a tax under this section may be used
6 only for the following purposes:

7 (1) To finance, construct, acquire, improve, renovate, or
8 equip:

9 (A) jail facilities;

10 (B) juvenile court, detention, and probation facilities;

11 (C) other criminal justice facilities; and

12 (D) related buildings and parking facilities;

13 located in the county, including costs related to the demolition
14 of existing buildings and the acquisition of land.

15 (2) To repay bonds issued or leases entered into for the
16 purposes described in subdivision (1).

17 (3) To operate and maintain jail facilities described in
18 subdivision (1)(A) but only after the purposes described in
19 subdivision (1) are completed and any bonds issued or leases
20 entered into under subdivision (2) are fully paid.

21 (d) The term of the bonds issued (including any refunding
22 bonds) or a lease entered into under this section may not exceed
23 twenty (20) years.

24 (e) Money accumulated from a tax under this section that
25 remains after the tax imposed by this section is terminated shall be
26 transferred to the county highway fund to be used for construction,
27 resurfacing, restoration, and rehabilitation of county highways,
28 roads, and bridges.

29 **Sec. 9. (a) This section applies only to Hancock County.**

30 (b) The county fiscal body may, by ordinance, allocate part of
31 the tax imposed under this section not to exceed an amount equal
32 to a tax rate of fifteen hundredths percent (0.15%) to a property
33 tax credit against the property tax liability imposed for public
34 libraries in the county, if all territory in the county is included in
35 a library district.

36 (c) The amount of property tax replacement credits that each
37 public library in the county is entitled to receive during a calendar
38 year under this section equals the lesser of:

39 (1) the product of:

40 (A) the amount of revenue deposited by the county auditor
41 in the library property tax replacement fund; multiplied
42 by



1 **(B) a fraction described as follows:**

2 **(i) The numerator of the fraction equals the sum of the**
 3 **total property taxes that would have been collected by**
 4 **the public library during the previous calendar year**
 5 **from taxpayers located within the library district if the**
 6 **property tax replacement under this section had not been**
 7 **in effect.**

8 **(ii) The denominator of the fraction equals the sum of**
 9 **the total property taxes that would have been collected**
 10 **during the previous year from taxpayers located within**
 11 **the county by all public libraries that are eligible to**
 12 **receive property tax replacement credits under this**
 13 **section if the property tax replacement under this section**
 14 **had not been in effect; or**

15 **(2) the total property taxes that would otherwise be collected**
 16 **by the public library for the calendar year if the property tax**
 17 **replacement credit under this section were not in effect.**

18 **The department of local government finance shall make any**
 19 **adjustments necessary to account for the expansion of a library**
 20 **district. However, a public library is eligible to receive property**
 21 **tax replacement credits under this section only if it has entered into**
 22 **reciprocal borrowing agreements with all other public libraries in**
 23 **the county. If the total amount of tax revenue deposited by the**
 24 **county auditor in the library property tax replacement fund for a**
 25 **calendar year exceeds the total property tax liability that would**
 26 **otherwise be imposed for public libraries in the county for the**
 27 **year, the excess must remain in the library property tax**
 28 **replacement fund and may be used for library property tax**
 29 **replacement purposes in the following calendar year.**

30 **(d) A public library receiving property tax replacement credits**
 31 **under this section shall allocate the credits among each fund for**
 32 **which a distinct property tax levy is imposed in proportion to the**
 33 **property taxes levied for each fund.**

34 **Sec. 10. (a) This section applies only to Howard County.**

35 **(b) Maintaining low property tax rates is essential to economic**
 36 **development, and the use of a tax under this section, as needed in**
 37 **the county, to carry out the purposes of this section, rather than**
 38 **the use of property taxes, promotes these purposes.**

39 **(c) The county fiscal body may impose a tax rate on the adjusted**
 40 **gross income of local taxpayers that does not exceed twenty-five**
 41 **hundredths percent (0.25%).**

42 **(d) Revenues raised from a tax imposed under this section may**



1 be used only for the purposes of funding a property tax credit to
 2 reduce the property tax liability imposed by a county to fund the
 3 county's operation and maintenance of a jail or a juvenile
 4 detention center, or both.

5 (e) The total of all tax credits granted under this section for a
 6 year may not exceed the amount of revenue raised by the tax
 7 imposed under this section. If the amount available in a year for
 8 property tax credits under this section is less than the amount
 9 necessary to provide all the property tax credits authorized by the
 10 adopting body, the county auditor shall reduce the property tax
 11 credits granted to eliminate the excess. The county auditor shall
 12 reduce credits uniformly in proportion to the tax liability incurred
 13 by each taxpayer.

14 (f) The total of all tax credits granted under this section for a
 15 year may not exceed the amount necessary to offset the property
 16 tax liability imposed for the purposes of this section. If the amount
 17 available in a year for property tax credits under this section is
 18 greater than the amount necessary to provide property tax credits
 19 to offset the property tax liability imposed for the purposes of this
 20 section, the county auditor shall retain and apply the excess, as
 21 necessary, to provide the property tax credits for the purposes of
 22 this section for the following year.

23 (g) The county auditor shall allocate the amount of revenue
 24 applied as tax credits under this section to the county.

25 Sec. 11. (a) This section applies only to Jackson County.

26 (b) For calendar years ending before January 1, 2024, the
 27 county fiscal body may impose a tax on the adjusted gross income
 28 of local taxpayers at a tax rate that does not exceed one-tenth
 29 percent (0.1%).

30 (c) Revenue raised from a tax under this section may be used
 31 only for the purposes of funding the operation and maintenance of
 32 a jail and juvenile detention center opened after July 1, 1998.

33 Sec. 12. (a) This section applies only to Jasper County.

34 (b) The county council may, by ordinance, determine that
 35 additional local income tax revenue is needed in the county to:

36 (1) finance, construct, acquire, improve, renovate, or equip:

37 (A) jail facilities;

38 (B) juvenile court, detention, and probation facilities;

39 (C) other criminal justice facilities; and

40 (D) related buildings and parking facilities;

41 located in the county, including costs related to the demolition
 42 of existing buildings and the acquisition of land; and



- 1 **(2) repay bonds issued or leases entered into for the purposes**
 2 **described in subdivision (1).**
- 3 **(c) The county council may, by ordinance, determine that**
 4 **additional local income tax revenue is also needed in the county to**
 5 **operate or maintain any of the facilities described in subsection**
 6 **(b)(1)(A) through (b)(1)(D) that are located in the county. The**
 7 **county council may make a determination under both this**
 8 **subsection and subsection (b).**
- 9 **(d) The county council may impose a tax rate of:**
 10 **(1) fifteen-hundredths percent (0.15%);**
 11 **(2) two-tenths percent (0.2%); or**
 12 **(3) twenty-five hundredths percent (0.25%);**
 13 **on the adjusted gross income of county taxpayers if the adopting**
 14 **body makes a finding and determination set forth in subsection (b)**
 15 **or (c).**
- 16 **(e) If the county council imposes the tax under this section to**
 17 **pay for the purposes described in both subsections (b) and (c),**
 18 **when:**
- 19 **(1) the financing, construction, acquisition, improvement,**
 20 **renovation, and equipping described in subsection (b) are**
 21 **completed; and**
- 22 **(2) all bonds issued or leases entered into to finance the**
 23 **construction, acquisition, improvement, renovation, and**
 24 **equipping described in subsection (b) are fully paid;**
 25 **the county council shall, subject to subsection (d), establish a tax**
 26 **rate under this section by ordinance such that the revenue from the**
 27 **tax does not exceed the costs of operating and maintaining the jail**
 28 **facilities described in subsection (b)(1)(A). The tax rate may not be**
 29 **imposed at a rate greater than is necessary to carry out the**
 30 **purposes described in subsections (b) and (c), as applicable.**
- 31 **(f) The tax imposed under this section may be imposed only**
 32 **until the latest of the following:**
- 33 **(1) The date on which the financing, construction, acquisition,**
 34 **improvement, renovation, and equipping described in**
 35 **subsection (b) are completed.**
- 36 **(2) The date on which the last of any bonds issued or leases**
 37 **entered into to finance the construction, acquisition,**
 38 **improvement, renovation, and equipping described in**
 39 **subsection (b) are fully paid.**
- 40 **(3) The date on which an ordinance adopted under subsection**
 41 **(c) is rescinded.**
- 42 **(g) The term of the bonds issued (including any refunding**



1 bonds) or a lease entered into under subsection (b)(2) may not
2 exceed twenty (20) years.

3 (h) The county treasurer shall establish a criminal justice
4 facilities revenue fund to be used only for purposes described in
5 this section. Revenue derived from the tax imposed under this
6 section shall be deposited in the criminal justice facilities revenue
7 fund.

8 (i) Revenue derived from the tax imposed under this section:

9 (1) may be used only for the purposes described in this
10 section;

11 (2) may not be considered by the department of local
12 government finance in determining the county's maximum
13 permissible property tax levy limit under IC 6-1.1-18.5; and

14 (3) may be pledged to the repayment of bonds issued or leases
15 entered into for any or all the purposes described in
16 subsection (b).

17 (j) Notwithstanding any other law, money remaining in the
18 criminal justice facilities revenue fund established under
19 subsection (h) after the tax imposed by this section is terminated
20 under subsection (f) shall be transferred to the county highway
21 fund to be used for construction, resurfacing, restoration, and
22 rehabilitation of county highways, roads, and bridges.

23 Sec. 13. (a) This section applies only to Knox County.

24 (b) The county fiscal body may impose a tax on the adjusted
25 gross income of local taxpayers at a tax rate that does not exceed
26 the lesser of the following:

27 (1) Twenty-five hundredths percent (0.25%).

28 (2) The rate necessary to carry out the purposes described in
29 this section.

30 (c) Revenue from a tax under this section may be used only for
31 the following purposes:

32 (1) To finance, construct, acquire, and equip the county jail.

33 (2) To repay bonds issued or leases entered into for
34 constructing, acquiring, and equipping the county jail.

35 Sec. 14. (a) This section applies only to Marshall County.

36 (b) The county fiscal body may impose a tax on the adjusted
37 gross income of local taxpayers at a tax rate that does not exceed
38 the lesser of the following:

39 (1) Twenty-five hundredths percent (0.25%).

40 (2) The rate necessary to carry out the purposes described in
41 subsection (c).

42 (c) Revenue raised from a tax under this section may be used



1 only for the following purposes:

2 (1) To finance, construct, acquire, improve, renovate, or
3 equip:

4 (A) jail facilities;

5 (B) juvenile court, detention, and probation facilities;

6 (C) other criminal justice facilities; and

7 (D) related buildings and parking facilities;

8 located in the county, including costs related to the demolition
9 of existing buildings and the acquisition of land.

10 (2) Repay bonds issued or leases entered into for the purposes
11 described in subdivision (1).

12 (d) The tax imposed under this section may be imposed only
13 until the last of the following dates:

14 (1) The date on which the purposes described in subsection
15 (c)(1) are completed.

16 (2) The date on which the last of any bonds issued (including
17 any refunding bonds) or leases described in subsection (c)(2)
18 are fully paid.

19 The term of the bonds issued (including any refunding bonds) or a
20 lease entered into under subsection (c)(2) may not exceed twenty
21 (20) years.

22 (e) Money accumulated from the tax under this section after the
23 tax imposed by this section is terminated shall be transferred to the
24 county highway fund to be used for construction, resurfacing,
25 restoration, and rehabilitation of county highways, roads, and
26 bridges.

27 Sec. 15. (a) This section applies only to Miami County.

28 (b) Miami County possesses unique economic development
29 challenges due to:

30 (1) underemployment in relation to similarly situated
31 counties; and

32 (2) the presence of a United States government military base
33 or other military installation that is completely or partially
34 inactive or closed.

35 Maintaining low property tax rates is essential to economic
36 development, and the use of a tax under this section to pay any
37 bonds issued or leases entered into to carry out the purposes of this
38 section rather than use of property taxes promotes these purposes.

39 (c) The county fiscal body may impose a tax rate on the adjusted
40 gross income of local taxpayers that is the lesser of the following:

41 (1) Twenty-five hundredths percent (0.25%).

42 (2) The rate necessary to pay the costs of financing,



1 constructing, acquiring, renovating, and equipping a county
2 jail.

3 (d) Revenue raised from a tax imposed under this section may
4 be used only for the purposes of paying the costs of financing,
5 constructing, acquiring, renovating, and equipping a county jail,
6 including the repayment of bonds issued, or leases entered into, for
7 financing, constructing, acquiring, renovating, and equipping a
8 county jail.

9 Sec. 16. (a) This section applies only to Monroe County.

10 (b) Maintaining low property tax rates is essential to economic
11 development, and the use of a tax under this section, as needed in
12 the county, to carry out the purposes of this section, rather than
13 the use of property taxes, promotes these purposes.

14 (c) The county fiscal body may impose a tax rate on the adjusted
15 gross income of local taxpayers that does not exceed twenty-five
16 hundredths percent (0.25%).

17 (d) Revenues raised from a tax imposed under this section may
18 be used only for the purposes of funding a property tax credit to
19 reduce the property tax liability imposed by a county to fund the
20 operation and maintenance of a juvenile detention center and other
21 facilities to provide juvenile services.

22 (e) The total of all tax credits granted under this section for a
23 year may not exceed the amount of revenue raised by the tax
24 imposed under this section. If the amount available in a year for
25 property tax credits under this section is less than the amount
26 necessary to provide all the property tax credits authorized by the
27 adopting body, the county auditor shall reduce the property tax
28 credits granted to eliminate the excess. The county auditor shall
29 reduce credits uniformly in proportion to the tax liability incurred
30 by each taxpayer.

31 (f) The total of all tax credits granted under this section for a
32 year may not exceed the amount necessary to offset the property
33 tax liability imposed for the purposes of this section. If the amount
34 available in a year for property tax credits under this section is
35 greater than the amount necessary to provide property tax credits
36 to offset the property tax liability imposed for the purposes of this
37 section, the county auditor shall retain and apply the excess, as
38 necessary, to provide the property tax credits for the purposes of
39 this section for the following year.

40 (g) The county auditor shall allocate the amount of revenue
41 applied as tax credits under this section to the county.

42 Sec. 17. (a) This section applies only to Perry County.



1 **(b) Perry County possesses unique governmental and economic**
 2 **development challenges due to:**

3 **(1) underemployment in relation to similarly situated counties**
 4 **and the loss of a major manufacturing business; and**

5 **(2) overcrowding of the county jail, the costs associated with**
 6 **housing the county's inmates outside the county, and the**
 7 **potential unavailability of additional housing for inmates**
 8 **outside the county.**

9 **The use of a tax under this section is necessary for the county to**
 10 **provide adequate jail capacity in the county and to maintain low**
 11 **property tax rates essential to economic development. The use of**
 12 **a tax under this section for the purposes described in this section**
 13 **promotes these purposes.**

14 **(c) The county fiscal body may impose a tax on the adjusted**
 15 **gross income of local taxpayers at a tax rate that does not exceed**
 16 **the lesser of the following:**

17 **(1) Five-tenths percent (0.5%).**

18 **(2) The rate necessary to carry out the purposes described in**
 19 **this section.**

20 **(d) Revenue from a tax imposed under this section may be used**
 21 **only for the following purposes:**

22 **(1) To finance, construct, acquire, improve, renovate,**
 23 **remodel, or equip the county jail and related buildings and**
 24 **parking facilities, including costs related to the demolition of**
 25 **existing buildings, the acquisition of land, and any other**
 26 **reasonably related costs.**

27 **(2) To repay bonds issued or leases entered into for**
 28 **constructing, acquiring, improving, renovating, remodeling,**
 29 **and equipping the county jail and related buildings and**
 30 **parking facilities, including costs related to the demolition of**
 31 **existing buildings, the acquisition of land, and any other**
 32 **reasonably related costs.**

33 **(e) The tax imposed under this section may be imposed only**
 34 **until the last of the following dates:**

35 **(1) The date on which the purposes described in subsection**
 36 **(d)(1) are completed.**

37 **(2) The date on which the last of any bonds issued (including**
 38 **any refunding bonds) or leases described in subsection (d)(2)**
 39 **are fully paid.**

40 **The term of the bonds issued (including any refunding bonds) or a**
 41 **lease entered into under subsection (d)(2) may not exceed**
 42 **twenty-five (25) years.**



1 (f) Funds accumulated from a tax under this section after:

2 (1) the redemption of the bonds issued; or

3 (2) the final payment of lease rentals due under a lease
4 entered into under this section;

5 shall be transferred to the county highway fund to be used for
6 construction, resurfacing, restoration, and rehabilitation of county
7 highways, roads, and bridges.

8 Sec. 18. (a) This section applies only to Pulaski County.

9 (b) For calendar years beginning before January 1, 2021, the
10 county fiscal body may impose a tax on the adjusted gross income
11 of local taxpayers at a tax rate that does not exceed three-tenths
12 percent (0.3%).

13 (c) Revenue from a tax imposed under this section may be used
14 only for the purposes of paying the costs of operating and
15 maintaining a jail and justice center.

16 Sec. 19. (a) This section applies only to Randolph County.

17 (b) Randolph County possesses:

18 (1) unique fiscal challenges to finance the operations of county
19 government due to the county's ongoing obligation to repay
20 amounts received by the county due to an overpayment of the
21 county's certified distribution under IC 6-3.5-1.1-9 (before its
22 repeal) for a prior year; and

23 (2) unique capital financing needs related to the purposes
24 described in this section.

25 (c) The county fiscal body may impose a tax on the adjusted
26 gross income of local taxpayers at a tax rate that does not exceed
27 the lesser of the following:

28 (1) Twenty-five hundredths percent (0.25%).

29 (2) The rate necessary to carry out the purposes described in
30 this section.

31 (d) Revenues from a tax under this section may be used only for
32 the following purposes:

33 (1) Financing, constructing, acquiring, renovating, and
34 equipping the county courthouse, and financing and
35 renovating the former county hospital for additional office
36 space, educational facilities, nonsecure juvenile facilities, and
37 other county functions, including the repayment of bonds
38 issued, or leases entered into, for constructing, acquiring,
39 renovating, and equipping the county courthouse and for
40 renovating the former county hospital for additional office
41 space, educational facilities, nonsecure juvenile facilities, and
42 other county functions.



1 (2) Financing, constructing, acquiring, renovating, and
 2 equipping buildings for a volunteer fire department (as
 3 defined in IC 36-8-12-2) that provides services in any part of
 4 the county.

5 (3) Financing, constructing, acquiring, and renovating
 6 firefighting apparatus or other related equipment for a
 7 volunteer fire department (as defined in IC 36-8-12-2) that
 8 provides services in any part of the county.

9 **Sec. 20. (a) This section applies only to Scott County.**

10 **(b) Scott County is a county in which:**

11 (1) maintaining low property tax rates is essential to economic
 12 development; and

13 (2) the use of additional tax revenues as provided in this
 14 section, rather than the use of property taxes, to fund:

15 (A) the financing, construction, acquisition, improvement,
 16 renovation, equipping, operation, or maintenance of jail
 17 facilities; and

18 (B) the repayment of bonds issued or leases entered into
 19 for the purposes described in clause (A), except operation
 20 or maintenance;

21 promotes the purpose of maintaining low property tax rates.

22 **(c) The county fiscal body may impose a tax rate on the adjusted**
 23 **gross income of local taxpayers that is the lesser of the following:**

24 (1) Twenty-five hundredths percent (0.25%).

25 (2) The rate necessary to pay the costs of financing,
 26 constructing, acquiring, renovating, and equipping the
 27 facilities described in subsection (d).

28 **(d) Revenues raised under this section may be used only for the**
 29 **following purposes:**

30 (1) The financing, construction, acquisition, improvement,
 31 renovation, equipping, operation, or maintenance of jail
 32 facilities.

33 (2) The repayment of bonds issued or leases entered into for
 34 the purposes described in subdivision (1), except operation or
 35 maintenance.

36 **Sec. 21. (a) This section applies only to Starke County.**

37 **(b) Starke County possesses unique governmental and economic**
 38 **development challenges due to:**

39 (1) the county's predominantly rural geography, demography,
 40 and economy;

41 (2) the county's relatively low tax base and relatively high
 42 property tax rates;



1 (3) the current maximum capacity of the county jail, which
2 was constructed in 1976; and

3 (4) pending federal class action litigation seeking a mandate
4 to address capacity and living conditions in the county jail.

5 The use of a tax under this section is necessary for the county to
6 address jail capacity and appropriate inmate living conditions and
7 to maintain low property tax rates essential to economic
8 development. The use of a tax under this section for the purposes
9 described in this section promotes these purposes.

10 (c) The county fiscal body may impose a tax on the adjusted
11 gross income of local taxpayers at a tax rate that does not exceed
12 the lesser of the following:

13 (1) Sixty-five hundredths percent (0.65%).

14 (2) The rate necessary to carry out the purposes described in
15 this section.

16 (d) Revenue from a tax under this section may be used only for
17 the following purposes:

18 (1) To finance, construct, acquire, and equip the county jail
19 and related buildings and parking facilities, including costs
20 related to the demolition of existing buildings, the acquisition
21 of land, and any other reasonably related costs.

22 (2) To repay bonds issued or leases entered into for
23 constructing, acquiring, and equipping the county jail and
24 related buildings and parking facilities, including costs related
25 to the demolition of existing buildings, the acquisition of land,
26 and any other reasonably related costs.

27 (e) The tax imposed under this section may be imposed only
28 until the last of the following dates:

29 (1) The date on which the purposes described in subsection
30 (d)(1) are completed.

31 (2) The date on which the last of any bonds issued (including
32 any refunding bonds) or leases described in subsection (d)(2)
33 are fully paid.

34 The term of the bonds issued (including any refunding bonds) or a
35 lease entered into under subsection (d)(2) may not exceed
36 twenty-five (25) years.

37 Sec. 22. (a) This section applies only to Union County.

38 (b) Union County possesses unique economic development
39 challenges due to:

40 (1) the county's heavy agricultural base;

41 (2) the presence of a large amount of state owned property in
42 the county that is exempt from property taxation; and



1 (3) recent obligations of the school corporation in the county
2 that have already increased property taxes in the county and
3 imposed additional property tax burdens on the county's
4 agricultural base.

5 Maintaining low property tax rates is essential to economic
6 development. The use of a tax under this section for the purposes
7 described in this section, rather than the use of property taxes,
8 promotes these purposes.

9 (c) The county fiscal body may impose a tax on the adjusted
10 gross income of local taxpayers at a tax rate that does not exceed
11 the lesser of the following:

12 (1) Twenty-five hundredths percent (0.25%).

13 (2) The rate necessary to carry out the purposes described in
14 this section.

15 (d) Revenue raised from a tax under this section may be used
16 only for the following purposes:

17 (1) To finance, construct, acquire, improve, renovate, or equip
18 the county courthouse.

19 (2) To repay bonds issued, or leases entered into, for
20 constructing, acquiring, improving, renovating, and equipping
21 the county courthouse.

22 (e) The tax imposed under this section may be imposed only
23 until the last of the following dates:

24 (1) The date on which the purposes described in subsection
25 (d)(1) are completed.

26 (2) The date on which the last of any bonds issued (including
27 any refunding bonds) or leases described in subsection (d)(2)
28 are fully paid.

29 The term of the bonds issued (including any refunding bonds) or a
30 lease entered into under subsection (d)(2) may not exceed
31 twenty-two (22) years.

32 (f) Funds accumulated from a tax under this section after:

33 (1) the redemption of the bonds issued; or

34 (2) the final payment of lease rentals due under a lease
35 entered into under this section;

36 shall be transferred to the county highway fund to be used for
37 construction, resurfacing, restoration, and rehabilitation of county
38 highways, roads, and bridges.

39 Sec. 23. (a) This section applies only to Wayne County.

40 (b) Wayne County possesses unique economic development
41 challenges due to underemployment in relation to similarly
42 situated counties. Maintaining low property tax rates is essential



1 to economic development, and the use of a tax under this section to
 2 pay any bonds issued or leases entered into to carry out the
 3 purposes of this section, rather than the use of property taxes,
 4 promotes these purposes.

5 (c) The county fiscal body may impose a tax on the adjusted
 6 gross income of local taxpayers at a tax rate that does not exceed
 7 twenty-five hundredths percent (0.25%).

8 (d) Revenue raised from a tax under this section may be used
 9 only for the following purposes:

10 (1) To finance, construct, acquire, improve, renovate, or equip
 11 the county jail and related buildings and parking facilities,
 12 including costs related to the demolition of existing buildings
 13 and the acquisition of land.

14 (2) To repay bonds issued, or leases entered into, for
 15 constructing, acquiring, improving, renovating, and equipping
 16 the county jail and related buildings and parking facilities,
 17 including costs related to the demolition of existing buildings
 18 and the acquisition of land.

19 (e) The tax imposed under this section may be imposed only
 20 until the later of the date on which the financing, acquisition,
 21 improvement, renovation, and equipping described in this section
 22 are completed or the date on which the last of any bonds issued or
 23 leases entered into to finance the construction, acquisition,
 24 improvement, renovation, and equipping described in this section
 25 are fully paid. The term of the bonds issued (including any
 26 refunding bonds) or a lease entered into under this section may not
 27 exceed twenty (20) years.

28 (f) Notwithstanding any other law, funds accumulated from the
 29 tax imposed under this section after:

30 (1) the redemption of bonds issued; or

31 (2) the final payment of lease rentals due under a lease
 32 entered into under this section;

33 shall be transferred to the county highway fund to be used for
 34 construction, resurfacing, restoration, and rehabilitation of county
 35 highways, roads, and bridges.

36 Sec. 24. (a) This section applies only to a county that is a
 37 member of a regional development authority under IC 36-7.6.

38 (b) The adopting body for the county may impose a tax rate on
 39 the adjusted gross income tax of local taxpayers that is not greater
 40 than:

41 (1) in the case of a county described in IC 36-7.6-4-2(b)(2),
 42 twenty-five thousandths of one percent (0.025%); or



- 1 (2) in the case of any other county to which this section
2 applies, five-hundredths of one percent (0.05%).
- 3 (c) The revenue from a tax under this section may be used only
4 for the purpose of transferring the revenue in the regional
5 development authority under IC 36-7.6.
- 6 **Sec. 25. (a) This section applies only to a county that:**
- 7 (1) operates a county jail that is subject to an order that:
- 8 (A) was issued by a federal district court before January 1,
9 2003; and
- 10 (B) has not been terminated;
- 11 (2) operates a county jail that fails to meet:
- 12 (A) American Correctional Association Jail Construction
13 Standards; and
- 14 (B) Indiana jail operation standards adopted by the
15 department of correction; and
- 16 (3) has insufficient revenue to finance the construction,
17 acquisition, improvement, renovation, and equipping of a
18 county jail and related buildings and parking facilities.
- 19 (b) A county described in subsection (a) possesses unique
20 economic development challenges due to underemployment in
21 relation to similarly situated counties. Maintaining low property
22 tax rates is essential to economic development. The use of a tax
23 under this section for the purposes of this section, rather than the
24 use of property taxes, promotes these purposes.
- 25 (c) For purposes of this section, "county jail" includes any other
26 penal facility that is:
- 27 (1) located in; and
- 28 (2) operated by;
- 29 the county.
- 30 (d) The county fiscal body may impose a tax on the adjusted
31 gross income of local taxpayers at a tax rate that does not exceed
32 the lesser of the following:
- 33 (1) Twenty-five hundredths percent (0.25%).
- 34 (2) The rate necessary to carry out the purposes described in
35 this section.
- 36 (e) Revenue from a tax under this section may be used only for
37 the following purposes:
- 38 (1) To finance, construct, acquire, improve, renovate, or equip
39 a county jail and related buildings and parking facilities,
40 including costs related to the demolition of existing buildings
41 and the acquisition of land.
- 42 (2) To repay bonds issued or leases entered into for



1 **constructing, acquiring, improving, renovating, and equipping**
 2 **the county jail and related buildings and parking facilities,**
 3 **including costs related to the demolition of existing buildings**
 4 **and the acquisition of land.**

5 **(f) The tax imposed under this section may be imposed only**
 6 **until the last of the following dates:**

7 **(1) The date on which the purposes described in subsection**
 8 **(e)(1) are completed.**

9 **(2) The date on which the last of any bonds issued (including**
 10 **any refunding bonds) or leases described in subsection (e)(2)**
 11 **are fully paid.**

12 **The term of the bonds issued (including any refunding bonds) or a**
 13 **lease entered into under subsection (e)(2) may not exceed thirty**
 14 **(30) years.**

15 **(g) Funds accumulated from the tax under this section after:**

16 **(1) the redemption of bonds issued; or**

17 **(2) the final payment of lease rentals due under a lease**
 18 **entered into under this section;**

19 **shall be transferred to the county general fund.**

20 **Sec. 26. (a) This section applies to a county that:**

21 **(1) operates a courthouse that is subject to an order that:**

22 **(A) is issued by a federal district court;**

23 **(B) applies to an action commenced before January 1,**
 24 **2003; and**

25 **(C) requires the county to comply with the federal**
 26 **Americans with Disabilities Act; and**

27 **(2) has insufficient revenues to finance the construction,**
 28 **acquisition, improvement, renovation, equipping, and**
 29 **operation of the courthouse facilities and related facilities.**

30 **(b) A county described in this section possesses unique fiscal**
 31 **challenges in financing, renovating, equipping, and operating the**
 32 **county courthouse facilities and related facilities because the**
 33 **county consistently has one (1) of the highest unemployment rates**
 34 **in Indiana. Maintaining low property tax rates is essential to**
 35 **economic development in the county. The use of a tax under this**
 36 **section for the purposes of this section promotes these purposes.**

37 **(c) The county fiscal body may impose a tax on the adjusted**
 38 **gross income of local taxpayers at a tax rate that does not exceed**
 39 **the lesser of the following:**

40 **(1) Twenty-five hundredths percent (0.25%).**

41 **(2) The rate necessary to carry out the purposes described in**
 42 **this section.**



1 (d) Revenue from a tax under this section may be used only for
2 the following purposes:

3 (1) To finance, construct, acquire, improve, renovate, equip,
4 or operate the county courthouse or related facilities.

5 (2) To repay bonds issued or leases entered into for
6 constructing, acquiring, improving, renovating, equipping, or
7 operating the county courthouse or related facilities.

8 (3) To pay for economic development projects described in the
9 county's capital improvement plan.

10 (e) Funds accumulated from a tax under this section or any
11 other revenues of the county may be deposited into a nonreverting
12 fund of the county to be used for operating costs of the courthouse
13 facilities, juvenile detention facilities, or related facilities.

14 Sec. 27. (a) This section applies only to an eligible county, as
15 defined in IC 8-25-1-4.

16 (b) If the voters of the county approve a local public question
17 under IC 8-25-2, the fiscal body of the county may adopt an
18 ordinance to provide for the use of local income tax revenues
19 attributable to an additional tax rate imposed under this subsection
20 to fund a public transportation project under IC 8-25. However, a
21 county fiscal body shall adopt an ordinance under this subsection
22 if required by IC 8-25-6-10 to impose an additional tax rate on the
23 county taxpayers who reside in a township in which the voters
24 approve a public transportation project in a local public question
25 held under IC 8-25-6. An ordinance adopted under this subsection
26 must specify an additional tax rate to be imposed in the county (or
27 township in the case of an additional rate required by IC 8-25-6-10)
28 of at least one-tenth percent (0.1%), but not more than twenty-five
29 hundredths percent (0.25%). If an ordinance is adopted under this
30 subsection, the amount of the certified distribution attributable to
31 the additional tax rate imposed under this subsection must be:

32 (1) retained by the county auditor;

33 (2) deposited in the county public transportation project fund
34 established under IC 8-25-3-7; and

35 (3) used for the purpose provided in this subsection instead of
36 as a property tax replacement distribution.

37 Chapter 8. Administration of Tax

38 Sec. 1. If for any taxable year a local taxpayer is subject to
39 different tax rates for the tax imposed by a particular county, the
40 taxpayer's tax rate for that county and that taxable year is the rate
41 determined in the last STEP of the following STEPS:

42 STEP ONE: For each tax rate in effect in a year, multiply:



- 1 (A) the number of months in the taxpayer's taxable year in
 2 which the rate is in effect; by
 3 (B) the rate.
- 4 **STEP TWO: Divide:**
 5 (A) the sum of the amounts determined under STEP ONE;
 6 by
 7 (B) twelve (12).
- 8 **Sec. 2. If the tax is not in effect during a local taxpayer's entire**
 9 **taxable year, the amount of tax that the local taxpayer owes for**
 10 **that taxable year equals the product of:**
 11 (1) the amount of tax the local taxpayer would owe if the tax
 12 had been imposed during the local taxpayer's entire taxable
 13 year; multiplied by
 14 (2) a fraction equal to:
 15 (A) the number of days in the local taxpayer's taxable year
 16 during which the tax was in effect; divided by
 17 (B) the total number of days in the local taxpayer's taxable
 18 year.
- 19 **However, if the taxpayer files state income tax returns on a**
 20 **calendar year basis, the fraction to be applied under this section is**
 21 **one-half (1/2).**
- 22 **Sec. 3. (a) For purposes of this article, an individual shall be**
 23 **treated as a resident of the county in which the individual:**
 24 (1) maintains a home, if the individual maintains only one (1)
 25 home in Indiana;
 26 (2) if subdivision (1) does not apply, is registered to vote;
 27 (3) if subdivision (1) or (2) does not apply, registers the
 28 individual's personal automobile; or
 29 (4) spent the majority of the individual's time in Indiana
 30 during the taxable year in question, if subdivision (1), (2), or
 31 (3) does not apply.
- 32 (b) The residence or principal place of business or employment
 33 of an individual is to be determined on January 1 of the calendar
 34 year in which the individual's taxable year commences. If an
 35 individual changes the location of the individual's residence or
 36 principal place of employment or business to another county in
 37 Indiana during a calendar year, the individual's liability for tax is
 38 not affected.
- 39 (c) Notwithstanding subsection (b), if an individual becomes a
 40 local taxpayer for purposes of IC 36-7-27 during a calendar year
 41 because the individual:
 42 (1) changes the location of the individual's residence to a



1 county in which the individual begins employment or business
 2 at a qualified economic development tax project (as defined in
 3 IC 36-7-27-9); or

4 (2) changes the location of the individual's principal place of
 5 employment or business to a qualified economic development
 6 tax project and does not reside in another county in which a
 7 tax is in effect;

8 the individual's adjusted gross income attributable to employment
 9 or business at the qualified economic development tax project is
 10 taxable only by the county containing the qualified economic
 11 development tax project.

12 Sec. 4. (a) Using procedures provided under this chapter, the
 13 adopting body of any adopting county may pass an ordinance to
 14 enter into reciprocity agreements with the taxing authority of any
 15 city, town, municipality, county, or other similar local
 16 governmental entity of any other state. The reciprocity agreements
 17 must provide that the income of resident local taxpayers is exempt
 18 from income taxation by the other local governmental entity to the
 19 extent income of the residents of the other local governmental
 20 entity is exempt from the tax in the adopting county.

21 (b) A reciprocity agreement adopted under this section may not
 22 become effective until it is also made effective in the other local
 23 governmental entity that is a party to the agreement.

24 (c) The form and effective date of any reciprocity agreement
 25 described in this section must be approved by the department.

26 Sec. 5. (a) Except as otherwise provided in subsection (b) and
 27 the other provisions of this article, all provisions of the adjusted
 28 gross income tax law (IC 6-3) concerning:

- 29 (1) definitions;
- 30 (2) declarations of estimated tax;
- 31 (3) filing of returns;
- 32 (4) deductions or exemptions from adjusted gross income;
- 33 (5) remittances;
- 34 (6) incorporation of the provisions of the Internal Revenue
 35 Code;
- 36 (7) penalties and interest; and
- 37 (8) exclusion of military pay credits for withholding;

38 apply to the imposition, collection, and administration of the tax
 39 imposed by this article.

40 (b) IC 6-3-1-3.5(a)(6), IC 6-3-3-3, IC 6-3-3-5, and IC 6-3-5-1 do
 41 not apply to the tax imposed by this article.

42 (c) Notwithstanding subsections (a) and (b), each employer shall



1 report to the department the amount of withholdings attributable
2 to each county. This report shall be submitted to the department:

- 3 (1) each time the employer remits to the department the tax
4 that is withheld; and
5 (2) annually along with the employer's annual withholding
6 report.

7 Sec. 6. (a) Except as provided in subsection (b), if for a
8 particular taxable year a local taxpayer is liable for an income tax
9 imposed by a county, city, town, or other local governmental entity
10 located outside Indiana, that local taxpayer is entitled to a credit
11 against the tax liability imposed under this article for that same
12 taxable year. The amount of the credit equals the amount of tax
13 imposed by the other governmental entity on income derived from
14 sources outside Indiana and subject to the tax imposed under this
15 article. However, the credit provided by this section may not
16 reduce a local taxpayer's tax liability to an amount less than would
17 have been owed if the income subject to taxation by the other
18 governmental entity had been ignored.

19 (b) The credit provided by this section does not apply to a local
20 taxpayer to the extent that the other governmental entity provides
21 for a credit to the taxpayer for the amount of taxes owed under this
22 article.

23 (c) To claim the credit provided by this section, a local taxpayer
24 must provide the department with satisfactory evidence that the
25 taxpayer is entitled to the credit.

26 Sec. 7. In the case of a local taxpayer who is a resident of Perry
27 County, the term "adjusted gross income" does not include
28 adjusted gross income that is:

- 29 (1) earned in a county that is:
30 (A) located in another state; and
31 (B) adjacent to the county in which the taxpayer resides;
32 and
33 (2) subject to an income tax imposed by a county, city, town,
34 or other local governmental entity in the other state.

35 Sec. 8. (a) If for a particular taxable year a local taxpayer is, or
36 a local taxpayer and the taxpayer's spouse who file a joint return
37 are, allowed a credit for the elderly or individuals with a total
38 disability under Section 22 of the Internal Revenue Code, the local
39 taxpayer is, or the local taxpayer and the taxpayer's spouse are,
40 entitled to a credit against the tax liability imposed under this
41 article for that same taxable year. The amount of the credit equals
42 the lesser of:



1 (1) the product of:

2 (A) the credit for the elderly or individuals with a total
3 disability for that same taxable year; multiplied by

4 (B) a fraction equal to:

5 (i) the tax rate imposed against the local taxpayer, or the
6 local taxpayer and the taxpayer's spouse; divided by

7 (ii) fifteen-hundredths (0.15); or

8 (2) the amount of tax imposed on the local taxpayer, or the
9 local taxpayer and the taxpayer's spouse.

10 (b) If a local taxpayer and the taxpayer's spouse file a joint
11 return and are subject to different tax rates for the same taxable
12 year, they must compute the credit under this section by using the
13 formula provided by subsection (a), except that they must use the
14 average of the two (2) tax rates imposed against them as the
15 numerator referred to in subsection (a)(1)(B).

16 **Chapter 9. Distribution of Revenue**

17 **Sec. 1. (a)** A trust account within the state general fund shall be
18 established for each county that imposes a tax. Any revenue
19 derived from the imposition of the tax by a county shall be
20 deposited in that county's trust account in the state general fund.

21 (b) Any income earned on money held in a trust account under
22 subsection (a) becomes a part of that trust account.

23 (c) Any revenue remaining in a trust account established under
24 subsection (a) at the end of a fiscal year does not revert to the state
25 general fund.

26 **Sec. 2.** The budget agency shall before May 1 of every
27 odd-numbered year publish an estimate of the statewide total
28 amount of certified distributions to be made under this article
29 during the following two (2) calendar years.

30 **Sec. 3.** The budget agency shall before May 1 of every
31 even-numbered year publish an estimate of the statewide total
32 amount of certified distributions to be made under this article
33 during the following calendar year.

34 **Sec. 4.** Revenue derived from the imposition of the tax shall, in
35 the manner prescribed by this chapter, be distributed to the county
36 that imposed it. The amount that is to be distributed to a county
37 during an ensuing calendar year equals the amount of tax revenue
38 that the budget agency determines has been:

39 (1) received from that county for a taxable year ending in a
40 calendar year preceding the calendar year in which the
41 determination is made; and

42 (2) reported on an annual return or amended return



1 processed by the department in the state fiscal year ending
2 before July 1 of the calendar year in which the determination
3 is made;

4 as adjusted for refunds of tax made in the state fiscal year.

5 **Sec. 5. (a)** Before August 2 of each calendar year, the budget
6 agency shall provide to the department of local government finance
7 and the county auditor of each adopting county an estimate of the
8 amount determined under section 4 of this chapter that will be
9 distributed to the county, based on known tax rates. Not later than
10 fifteen (15) days after receiving the estimate of the certified
11 distribution, the department of local government finance shall
12 determine for each taxing unit and notify the county auditor of the
13 estimated amount of property tax credits, school distributions,
14 public safety revenue, economic development revenue, certified
15 shares, and special purpose revenue that will be distributed to the
16 taxing unit under this chapter during the ensuing calendar year.
17 Not later than thirty (30) days after receiving the department's
18 estimate, the county auditor shall notify each taxing unit of the
19 amounts estimated for the taxing unit.

20 **(b)** Before October 1 of each calendar year, the budget agency
21 shall certify to the department of local government finance and the
22 county auditor of each adopting county:

23 (1) the amount determined under section 4 of this chapter;
24 and

25 (2) the amount of interest in the county's account that has
26 accrued and has not been included in a certification made in
27 a preceding year.

28 The amount certified is the county's certified distribution for the
29 immediately succeeding calendar year. The amount certified shall
30 be adjusted, as necessary, under sections 6, 7, and 8 of this chapter.
31 Not later than fifteen (15) days after receiving the amount of the
32 certified distribution, the department of local government finance
33 shall determine for each taxing unit and notify the county auditor
34 of the certified amount of property tax credits, school distributions,
35 public safety revenue, economic development revenue, certified
36 shares, and special purpose revenue that will be distributed to the
37 taxing unit under this chapter during the ensuing calendar year.
38 Not later than thirty (30) days after receiving the department's
39 estimate, the county auditor shall notify each taxing unit of the
40 certified amounts for the taxing unit.

41 **Sec. 6.** The budget agency shall certify an amount less than the
42 amount determined under section 5(b) of this chapter if the budget



1 agency determines that the reduced distribution is necessary to
2 offset overpayments made in a calendar year before the calendar
3 year of the distribution. The budget agency may reduce the amount
4 of the certified distribution over several calendar years so that any
5 overpayments are offset over several years rather than in one (1)
6 lump sum.

7 **Sec. 7.** The budget agency shall adjust the certified distribution
8 of a county to correct for any clerical or mathematical errors made
9 in any previous certification under this section. The budget agency
10 may reduce the amount of the certified distribution over several
11 calendar years so that any adjustment under this subsection is
12 offset over several years rather than in one (1) lump sum.

13 **Sec. 8.** This section applies to a county that imposes, increases,
14 decreases, or rescinds a tax or tax rate under this article before
15 November 1 in the same calendar year in which the budget agency
16 makes a certification under this section. The budget agency shall
17 adjust the certified distribution of a county to provide for a
18 distribution in the immediately following calendar year and in each
19 calendar year thereafter. The budget agency shall provide for a full
20 transition to certification of distributions as provided in section
21 4(1) through 4(2) of this chapter in the manner provided in section
22 6 of this chapter. If the county imposes, increases, decreases, or
23 rescinds a tax or tax rate under this article after the date for which
24 a certification under section 5(b) of this chapter is based, the
25 budget agency shall adjust the certified distribution of the county
26 after October 1 and before December 1 of the calendar year. The
27 adjustment must reflect any other adjustment required under
28 sections 6 and 7 of this chapter. The adjusted certification shall be
29 treated as the county's certified distribution for the immediately
30 succeeding calendar year. The budget agency shall certify the
31 adjusted certified distribution to the county auditor for the county
32 and provide the county council with an informative summary of
33 the calculations that revises the informative summary provided in
34 section 9 of this chapter and reflects the changes made in the
35 adjustment.

36 **Sec. 9.** The budget agency shall provide the county council with
37 an informative summary of the calculations used to determine the
38 certified distribution. The summary of calculations must include:

- 39 (1) the amount reported on individual income tax returns
40 processed by the department during the previous fiscal year;
- 41 (2) adjustments for over distributions in prior years;
- 42 (3) adjustments for clerical or mathematical errors in prior



- 1 years;
 2 (4) adjustments for tax rate changes; and
 3 (5) the amount of excess account balances to be distributed
 4 under section 15 of this chapter.
- 5 **Sec. 10.** The budget agency shall also certify information
 6 concerning the part of the certified distribution that is attributable
 7 to each of the following:
- 8 (1) The tax rate imposed under IC 6-3.6-5.
 9 (2) The tax rate imposed under IC 6-3.6-6.
 10 (3) Each tax rate imposed under IC 6-3.6-7.
- 11 The amount certified shall be adjusted to reflect any adjustment in
 12 the certified distribution under this chapter.
- 13 **Sec. 11.** The information described in sections 9 and 10 of this
 14 chapter must be certified to the county auditor and to the
 15 department of local government finance not later than the later of
 16 the following:
- 17 (1) October 1 of each calendar year.
 18 (2) Thirty (30) days after the adopting body certifies a new
 19 rate to the budget agency.
- 20 **Sec. 12.** One-twelfth (1/12) of each adopting county's certified
 21 distribution for a calendar year shall be distributed from its trust
 22 account established under this chapter to the appropriate county
 23 treasurer on the first regular business day of each month of that
 24 calendar year.
- 25 **Sec. 13.** All distributions from a trust account established under
 26 this chapter shall be made by warrants issued by the auditor of
 27 state to the treasurer of state ordering the appropriate payments.
- 28 **Sec. 14.** Before November 2 of each year, the budget agency
 29 shall submit a report to each county auditor indicating the balance
 30 in the county's trust account as of the cutoff date set by the budget
 31 agency.
- 32 **Sec. 15. (a)** If the budget agency determines that the balance in
 33 a county trust account exceeds fifty percent (50%) of the certified
 34 distributions to be made to the county in the ensuing year, the
 35 budget agency shall make a supplemental distribution to the county
 36 from the county's special account.
- 37 (b) A supplemental distribution described in subsection (a) must
 38 be:
- 39 (1) made in January of the ensuing calendar year; and
 40 (2) allocated in the same manner as certified distributions for
 41 deposit in a civil unit's rainy day fund established under
 42 IC 36-1-8-5.1. However, the part of a supplemental



1 distribution that is attributable to an additional rate
2 authorized under this article:

3 (A) shall be used for the purpose specified in the statute
4 authorizing the additional rate; and

5 (B) is not required to be deposited in the unit's rainy day
6 fund.

7 The amount of the supplemental distribution is equal to the
8 amount by which the balance in the county trust account exceeds
9 fifty percent (50%) of the certified distributions to be made to the
10 county in the ensuing year.

11 (c) Any income earned on money held in a trust account
12 established for a county under this chapter shall be deposited in
13 that trust account.

14 (d) A determination under this section must be made before
15 November 2.

16 Sec. 16. Upon receipt, each monthly payment of a county's
17 certified distribution or supplemental distribution shall be
18 allocated and distributed to the appropriate entities in accordance
19 with this article and the allocation ordinances adopted under this
20 article.

21 Chapter 10. Permitted Expenditures

22 Sec. 1. This chapter is not an exhaustive list of the purposes for
23 which revenue raised under IC 6-3.6-6 may be expended.

24 Sec. 2. A county may use revenue allocated for economic
25 development purposes under IC 6-3.6-6-9 for any combination of
26 the following purposes:

27 (1) To pay all or a part of the interest owed by a private
28 developer or user on a loan extended by a financial institution
29 or other lender to the developer or user if the proceeds of the
30 loan are or are to be used to finance an economic development
31 project.

32 (2) For the retirement of bonds for economic development
33 projects.

34 (3) For leases or for leases or bonds entered into or issued
35 before the date the county economic development income tax
36 (IC 6-3.5-7 repealed) was imposed if the purpose of the lease
37 or bonds would have qualified as a purpose under this article
38 at the time the lease was entered into or the bonds were
39 issued.

40 (4) The construction or acquisition of, or remedial action with
41 respect to, a capital project for which the unit is empowered
42 to issue general obligation bonds or establish a fund under



- 1 any statute listed in IC 6-1.1-18.5-9.8.
- 2 (5) The retirement of bonds issued under any provision of
- 3 Indiana law for a capital project.
- 4 (6) The payment of lease rentals under any statute for a
- 5 capital project.
- 6 (7) Contract payments to a nonprofit corporation whose
- 7 primary corporate purpose is to assist government in
- 8 planning and implementing economic development projects.
- 9 (8) Operating expenses of a governmental entity that plans or
- 10 implements economic development projects.
- 11 (9) Funding of a revolving fund established under
- 12 IC 5-1-14-14.
- 13 (10) For a regional venture capital fund or a local venture
- 14 capital fund.
- 15 Sec. 3. (a) The fiscal body of a county, city, or town may issue
- 16 bonds payable from revenue under IC 6-3.6-6. The bonds must be
- 17 for economic development projects.
- 18 (b) The fiscal body of a county, city, or town may issue bonds
- 19 payable from revenue described in section 2 of this chapter for any
- 20 capital project for which the fiscal body is authorized to issue
- 21 general obligation bonds. The bonds issued under this section may
- 22 be payable from the tax if the county option income tax (IC 6-3.5-6
- 23 repealed), the county adjusted gross income tax (IC 6-3.5-1.1
- 24 repealed), or a tax under IC 6-3.6-6 is also in effect in the county at
- 25 the time the bonds are issued.
- 26 (c) If there are bonds outstanding that have been issued under
- 27 this section, or leases in effect under section 4 of this chapter, the
- 28 adopting body may not reduce the tax imposed under IC 6-3.6-6,
- 29 or an allocation under IC 6-3.6-6-9, or certified shares pledged to
- 30 repay bonds, as appropriate, below a rate that would produce one
- 31 and twenty-five hundredths (1.25) times the total of the highest
- 32 annual debt service on the bonds to their final maturity, plus the
- 33 highest annual lease payments, unless:
- 34 (1) the body that imposed a tax under IC 6-3.6-6; or
- 35 (2) any city, town, or county;
- 36 pledges all or a part of its certified shares for the life of the bonds
- 37 or the term of the lease, in an amount that is sufficient, when
- 38 combined with the amount pledged by the city, town, or county
- 39 that issued the bonds, to produce one and twenty-five hundredths
- 40 (1.25) times the total of the highest annual debt service plus the
- 41 highest annual lease payments.
- 42 (d) For purposes of subsection (c), the determination of a tax



1 rate sufficient to produce one and twenty-five hundredths (1.25)
2 times the total of the highest annual debt service plus the highest
3 annual lease payments must be based on an average of the
4 immediately preceding three (3) years tax collections, if the tax has
5 been imposed for the last preceding three (3) years. If the tax has
6 not been imposed for the last preceding three (3) years, the body
7 that imposed the tax may not reduce the rate below a rate that
8 would produce one and twenty-five hundredths (1.25) times the
9 total of the highest annual debt service, plus the highest annual
10 lease payments, based upon a study by a qualified public
11 accountant or financial advisor.

12 (e) IC 6-1.1-20 does not apply to the issuance of bonds under this
13 section.

14 (f) Bonds issued under this section may be sold at a public sale
15 in accordance with IC 5-1-11 or may be sold at a negotiated sale.

16 (g) After a sale of bonds under this section, the county auditor
17 shall prepare a debt service schedule for the bonds.

18 (h) The general assembly covenants that it will not repeal or
19 amend this article in a manner that would adversely affect owners
20 of outstanding bonds issued, or payment of any lease rentals due,
21 under this section.

22 Sec. 4. (a) A county, city, or town may enter into a lease with a
23 leasing body (as defined in IC 5-1-1-1) of any property that could
24 be financed with the proceeds of bonds issued under this chapter
25 with a lessor for a term not to exceed fifty (50) years, and the lease
26 may provide for payments from revenues described in section 2 of
27 this chapter, any other revenue available to the unit, or any
28 combination of these sources.

29 (b) A lease may provide that payments by the unit to the lessor
30 are required only to the extent and only for the period that the
31 lessor is able to provide the leased facilities in accordance with the
32 lease. The terms of each lease must be based upon the value of the
33 facilities leased and may not create a debt of the unit for purposes
34 of the Constitution of the State of Indiana.

35 (c) A lease may be entered into by the executive of the unit only
36 after a public hearing at which all interested parties are provided
37 the opportunity to be heard. After the public hearing, the executive
38 may approve the execution of the lease on behalf of the unit if the
39 executive finds that the service to be provided throughout the term
40 of the lease will serve the public purpose of the unit and is in the
41 best interests of its residents. Any lease approved by the executive
42 must also be approved by an ordinance of the fiscal body of the



1 unit.

2 (d) Upon execution of a lease providing for payments by the unit
3 in whole or in part from revenues described in section 2 of this
4 chapter and upon approval of the lease by the unit's fiscal body,
5 the executive of the unit shall publish notice of the execution of the
6 lease and its approval in accordance with IC 5-3-1.

7 (e) Except as provided in this section, no approvals of any
8 governmental body or agency are required before the unit enters
9 into a lease under this section.

10 (f) An action to contest the validity of the lease under this
11 section or to enjoin the performance of any of its terms and
12 conditions must be brought within thirty (30) days after the
13 publication of the notice of the execution and approval of the lease.

14 (g) If a unit exercises an option to buy a leased facility from a
15 lessor, the unit may subsequently sell the leased facility, without
16 regard to any other statute, to the lessor at the end of the lease
17 term at a price set forth in the lease or at fair market value
18 established at the time of the sale by the executive of the unit
19 through auction, appraisal, or arms length negotiation. If the
20 facility is sold at auction, after appraisal, or through negotiation,
21 the unit shall conduct a hearing after public notice in accordance
22 with IC 5-3-1 before the sale. Any action to contest the sale must be
23 brought within fifteen (15) days of the hearing.

24 Sec. 5. Notwithstanding any other law, if a civil taxing unit
25 desires to issue obligations, or enter into leases, payable wholly or
26 in part by the taxes imposed under IC 6-3.6-6 or IC 6-3.6-7 (but not
27 IC 6-3.6-5), the obligations of the civil taxing unit or any lessor may
28 be sold at public sale in accordance with IC 5-1-11 or at negotiated
29 sale.

30 Sec. 6. (a) A pledge of revenues from a tax imposed under
31 IC 6-3.6-6 or IC 6-3.6-7 (but not IC 6-3.6-5) is enforceable in
32 accordance with IC 5-1-14.

33 (b) With respect to obligations for which a pledge has been
34 made under IC 6-3.6-6 or IC 6-3.6-7 (but not IC 6-3.6-5), the
35 general assembly covenants with the county and the purchasers or
36 owners of those obligations that this article will not be repealed or
37 amended in any manner that will adversely affect the tax collected
38 under this article as long as the principal of or interest on those
39 obligations is unpaid.

40 Sec. 7. (a) The general assembly finds that counties and
41 municipalities in Indiana have a need to foster economic
42 development, the development of new technology, and industrial



1 and commercial growth. The general assembly finds that it is
 2 necessary and proper to provide an alternative method for counties
 3 and municipalities to foster the following:

- 4 (1) Economic development.
- 5 (2) The development of new technology.
- 6 (3) Industrial and commercial growth.
- 7 (4) Employment opportunities.
- 8 (5) The diversification of industry and commerce.

9 The fostering of economic development and the development of
 10 new technology under this section or section 8 of this chapter for
 11 the benefit of the general public, including industrial and
 12 commercial enterprises, is a public purpose.

13 (b) The fiscal bodies of two (2) or more counties or
 14 municipalities may, by resolution, do the following:

- 15 (1) Determine that part or all the revenue described in section
 16 2 of this chapter should be combined to foster:
 - 17 (A) economic development;
 - 18 (B) the development of new technology; and
 - 19 (C) industrial and commercial growth.
- 20 (2) Establish a regional venture capital fund.

21 (c) Each unit participating in a regional venture capital fund
 22 established under subsection (b) may deposit the following in the
 23 fund:

- 24 (1) Revenues described in section 2 of this chapter.
- 25 (2) The proceeds of public or private grants.

26 (d) A regional venture capital fund shall be administered by a
 27 governing board. The expenses of administering the fund shall be
 28 paid from money in the fund. The governing board shall invest the
 29 money in the fund not currently needed to meet the obligations of
 30 the fund in the same manner as other public money may be
 31 invested. Interest that accrues from these investments shall be
 32 deposited into the fund. The fund is subject to an annual audit by
 33 the state board of accounts. The fund must bear the full costs of the
 34 audit.

35 (e) The fiscal body of each participating unit shall approve an
 36 interlocal agreement created under IC 36-1-7 establishing the
 37 terms for the administration of the regional venture capital fund.
 38 The terms must include the following:

- 39 (1) The membership of the governing board.
- 40 (2) The amount of each unit's contribution to the fund.
- 41 (3) The procedures and criteria under which the governing
 42 board may loan or grant money from the fund.



- 1 **(4) The procedures for the dissolution of the fund and for the**
2 **distribution of money remaining in the fund at the time of the**
3 **dissolution.**
- 4 **(f) An interlocal agreement made by the participating units**
5 **under subsection (e) must provide that:**
- 6 **(1) each of the participating units is represented by at least**
7 **one (1) member of the governing board; and**
8 **(2) the membership of the governing board is established on**
9 **a bipartisan basis so that the number of the members of the**
10 **governing board who are members of one (1) political party**
11 **may not exceed the number of members of the governing**
12 **board required to establish a quorum.**
- 13 **(g) A majority of the governing board constitutes a quorum, and**
14 **the concurrence of a majority of the governing board is necessary**
15 **to authorize any action.**
- 16 **(h) An interlocal agreement made by the participating units**
17 **under subsection (e) must be submitted to the Indiana economic**
18 **development corporation for approval before the participating**
19 **units may contribute to the fund.**
- 20 **(i) A majority of members of a governing board of a regional**
21 **venture capital fund established under this section must have at**
22 **least five (5) years of experience in business, finance, or venture**
23 **capital.**
- 24 **(j) The governing board of the fund may loan or grant money**
25 **from the fund to a private or public entity if the governing board**
26 **finds that the loan or grant will be used by the borrower or grantee**
27 **for at least one (1) of the following economic development**
28 **purposes:**
- 29 **(1) To promote significant employment opportunities for the**
30 **residents of the units participating in the regional venture**
31 **capital fund.**
32 **(2) To attract a major new business enterprise to a**
33 **participating unit.**
34 **(3) To develop, retain, or expand a significant business**
35 **enterprise in a participating unit.**
- 36 **(k) The expenditures of a borrower or grantee of money from**
37 **a regional venture capital fund that are considered to be for an**
38 **economic development purpose include expenditures for any of the**
39 **following:**
- 40 **(1) Research and development of technology.**
41 **(2) Job training and education.**
42 **(3) Acquisition of property interests.**



- 1 **(4) Infrastructure improvements.**
 2 **(5) New buildings or structures.**
 3 **(6) Rehabilitation, renovation, or enlargement of buildings or**
 4 **structures.**
 5 **(7) Machinery, equipment, and furnishings.**
 6 **(8) Funding small business development with respect to:**
 7 **(A) prototype products or processes;**
 8 **(B) marketing studies to determine the feasibility of new**
 9 **products or processes; or**
 10 **(C) business plans for the development and production of**
 11 **new products or processes.**
- 12 **Sec. 8. (a) The fiscal body of a county or municipality may, by**
 13 **resolution, establish a local venture capital fund.**
- 14 **(b) A unit establishing a local venture capital fund under**
 15 **subsection (a) may deposit the following in the fund:**
- 16 **(1) Revenues described in section 2 of this chapter.**
 17 **(2) The proceeds of public or private grants.**
- 18 **(c) A local venture capital fund shall be administered by a**
 19 **governing board. The expenses of administering the fund shall be**
 20 **paid from money in the fund. The governing board shall invest the**
 21 **money in the fund not currently needed to meet the obligations of**
 22 **the fund in the same manner as other public money may be**
 23 **invested. Interest that accrues from these investments shall be**
 24 **deposited into the fund. The fund is subject to an annual audit by**
 25 **the state board of accounts. The fund must bear the full costs of the**
 26 **audit.**
- 27 **(d) The fiscal body of a unit establishing a local venture capital**
 28 **fund under subsection (a) shall establish the terms for the**
 29 **administration of the local venture capital fund. The terms must**
 30 **include the following:**
- 31 **(1) The membership of the governing board.**
 32 **(2) The amount of the unit's contribution to the fund.**
 33 **(3) The procedures and criteria under which the governing**
 34 **board may loan or grant money from the fund.**
 35 **(4) The procedures for the dissolution of the fund and for the**
 36 **distribution of money remaining in the fund at the time of the**
 37 **dissolution.**
- 38 **(e) A unit establishing a local venture capital fund under**
 39 **subsection (a) must be represented by at least one (1) member of**
 40 **the governing board.**
- 41 **(f) The membership of the governing board must be established**
 42 **on a bipartisan basis so that the number of the members of the**



1 governing board who are members of one (1) political party may
 2 not exceed the number of members of the governing board
 3 required to establish a quorum.

4 (g) A majority of the governing board constitutes a quorum, and
 5 the concurrence of a majority of the governing board is necessary
 6 to authorize any action.

7 (h) The terms established under subsection (d) for the
 8 administration of the local venture capital fund must be submitted
 9 to the Indiana economic development corporation for approval
 10 before a unit may contribute to the fund.

11 (i) A majority of members of a governing board of a local
 12 venture capital fund established under this section must have at
 13 least five (5) years of experience in business, finance, or venture
 14 capital.

15 (j) The governing board of the fund may loan or grant money
 16 from the fund to a private or public entity if the governing board
 17 finds that the loan or grant will be used by the borrower or grantee
 18 for at least one (1) of the following economic development
 19 purposes:

20 (1) To promote significant employment opportunities for the
 21 residents of the unit establishing the local venture capital
 22 fund.

23 (2) To attract a major new business enterprise to the unit.

24 (3) To develop, retain, or expand a significant business
 25 enterprise in the unit.

26 (k) The expenditures of a borrower or grantee of money from
 27 a local venture capital fund that are considered to be for an
 28 economic development purpose include expenditures for any of the
 29 following:

30 (1) Research and development of technology.

31 (2) Job training and education.

32 (3) Acquisition of property interests.

33 (4) Infrastructure improvements.

34 (5) New buildings or structures.

35 (6) Rehabilitation, renovation, or enlargement of buildings or
 36 structures.

37 (7) Machinery, equipment, and furnishings.

38 (8) Funding small business development with respect to:

39 (A) prototype products or processes;

40 (B) marketing studies to determine the feasibility of new
 41 products or processes; or

42 (C) business plans for the development and production of



1 **new products or processes.**
2 SECTION 6. [EFFECTIVE UPON PASSAGE] **(a) The legislative**
3 **council shall provide for the preparation and introduction of**
4 **legislation in the 2016 session of the general assembly to correct**
5 **cross-references and make other changes to the Indiana Code, as**
6 **necessary, to bring provisions that are not added or amended by**
7 **this act into conformity with this act.**
8 **(b) This SECTION expires January 1, 2017.**
9 SECTION 7. **An emergency is declared for this act.**

