

# HOUSE BILL No. 1021

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-20.6-9.8.

**Synopsis:** Protected taxes and school corporations. Specifies that a school corporation may determine the allocation among its funds of property tax reductions resulting from the granting of property tax circuit breaker credits.

**Effective:** January 1, 2014 (retroactive).

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## Errington

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January 7, 2014, read first time and referred to Committee on Ways and Means.

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Second Regular Session 118th General Assembly (2014)

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 *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

# HOUSE BILL No. 1021



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 6-1.1-20.6-9.8, AS AMENDED BY P.L.257-2013,  
2 SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JANUARY 1, 2014 (RETROACTIVE)]: Sec. 9.8. (a) This section  
4 applies to property taxes first due and payable after December 31,  
5 2009.

6 (b) The following definitions apply throughout this section:  
7 (1) "Debt service obligations of a political subdivision" refers to:  
8 (A) the principal and interest payable during a calendar year  
9 on bonds; and  
10 (B) lease rental payments payable during a calendar year on  
11 leases;  
12 of a political subdivision payable from ad valorem property taxes.  
13 (2) "Protected taxes" refers to the following:  
14 (A) Property taxes that are exempted from the application of  
15 a credit granted under section 7 or 7.5 of this chapter by  
16 section 7(b), 7(c), 7.5(b), or 7.5(c) of this chapter or another



1 law.

2 (B) Property taxes imposed by a political subdivision to pay  
 3 for debt service obligations of a political subdivision that are  
 4 not exempted from the application of a credit granted under  
 5 section 7 or 7.5 of this chapter by section 7(b), 7(c), 7.5(b), or  
 6 7.5(c) of this chapter or any other law. Property taxes  
 7 described in this subsection are subject to the credit granted  
 8 under section 7 or 7.5 of this chapter by section 7(b), 7(c),  
 9 7.5(b), or 7.5(c) of this chapter regardless of their designation  
 10 as protected taxes.

11 (3) "Unprotected taxes" refers to property taxes that are not  
 12 protected taxes.

13 (c) Except as provided in subsection (e) for property taxes due and  
 14 payable in 2013 **and subsection (f) with respect to school**  
 15 **corporations**, the total amount of revenue to be distributed to the fund  
 16 for which the protected taxes were imposed shall be determined as if  
 17 no credit were granted under section 7 or 7.5 of this chapter. The total  
 18 amount of the loss in revenue resulting from the granting of credits  
 19 under section 7 or 7.5 of this chapter must reduce only the amount of  
 20 unprotected taxes distributed to a fund using the following criteria:

21 (1) The reduction may be allocated in the amounts determined by  
 22 the political subdivision using a combination of unprotected taxes  
 23 of the political subdivision in those taxing districts in which the  
 24 credit caused a reduction in protected taxes.

25 (2) The tax revenue and each fund of any other political  
 26 subdivisions must not be affected by the reduction.

27 (d) When:

28 (1) the revenue that otherwise would be distributed to a fund  
 29 receiving only unprotected taxes is reduced entirely under  
 30 subsection (c) and the remaining revenue is insufficient for a fund  
 31 receiving protected taxes to receive the revenue specified by  
 32 subsection (c); or

33 (2) there is not a fund receiving only unprotected taxes from  
 34 which to distribute revenue;

35 the revenue distributed to the fund receiving protected taxes must also  
 36 be reduced. If the revenue distributed to a fund receiving protected  
 37 taxes is reduced, the political subdivision may transfer money from one  
 38 (1) or more of the other funds of the political subdivision to offset the  
 39 loss in revenue to the fund receiving protected taxes. The transfer is  
 40 limited to the amount necessary for the fund receiving protected taxes  
 41 to receive the revenue specified under subsection (c). The amount  
 42 transferred shall be specifically identified as a debt service obligation



1 transfer for each affected fund.

2 (e) This subsection applies to property taxes due and payable in  
3 2013. The total amount of the loss in revenue resulting from the  
4 granting of credits under section 7 or 7.5 of this chapter must reduce  
5 the amount of protected and unprotected property taxes distributed to  
6 a fund in proportion to the property tax levy imposed for that fund  
7 relative to the total of all protected and unprotected property tax levies  
8 imposed by the political subdivision. The allocations shall be made  
9 after the political subdivision receives its distribution.

10 **(f) This subsection applies only to school corporations. A school**  
11 **corporation that chooses to carry out an allocation under this**  
12 **subsection must adopt a resolution certifying the allocation**  
13 **amounts for the loss of revenue resulting from the granting of**  
14 **credits under section 7 or 7.5 of this chapter. The loss of revenue**  
15 **may be allocated among the school corporation's funds in the**  
16 **amounts determined by the school corporation. The allocation**  
17 **amounts shall be made after the school corporation receives its**  
18 **distribution. The tax revenue and each fund of any other political**  
19 **subdivision must not be affected by the allocation of the reduction.**

20 SECTION 2. An emergency is declared for this act.

