February 17, 2015

HOUSE BILL No. 1485

DIGEST OF HB 1485 (Updated February 16, 2015 2:47 pm - DI 58)

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

Synopsis: Local option income taxes. Provides for a transition from the county adjusted gross income tax, the county option income tax, the county economic development income tax, and the various local income taxes for special purposes and special projects to a single local income tax with three rate components. Retains special distributions. Specifies that the transition is to take effect in 2017. Provides for a report by the office of management and budget to the legislative council in 2015 showing the effect of the transition on taxing units and taxpayers.

Effective: July 1, 2015; January 1, 2017.

Thompson

January 14, 2015, read first time and referred to Committee on Ways and Means.
February 16, 2015, amended, reported — Do Pass.

February 17, 2015

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:

SECTION 1. IC 6-3.5-1.1 IS REPEALED [EFFECTIVE JANUARY 1, 2017]. (County Adjusted Gross Income Tax).

SECTION 2. IC 6-3.5-1.5 IS REPEALED [EFFECTIVE JANUARY 1, 2017]. (Calculation of Levy Freeze Amounts).

SECTION 3. IC 6-3.5-6 IS REPEALED [EFFECTIVE JANUARY 1, 2017]. (County Option Income Tax).

SECTION 4. IC 6-3.5-7 IS REPEALED [EFFECTIVE JANUARY 1, 2017]. (County Economic Development Income Tax).

SECTION 5. IC 6-3.6 IS ADDED TO THE INDIANA CODE AS A **NEW** ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]:

ARTICLE 3.6. LOCAL INCOME TAXES

Chapter 1. Purpose; Application; Transitional Provisions

Sec. 1. (a) The purpose of this article is to consolidate and simplify the various local income tax laws (referred to as a "former

tax" in this article) that are in effect on May 1, 2016, into a uniform law that transitions each county from the former taxes to the tax governed by this article without any change in purpose of the former taxes to the extent practicable. The intent is that the revenue from the taxes under this article shall be distributed and used as close as possible to the way the revenue was distributed and used under the former taxes until a county adopts an ordinance under this article to change the distribution and use of the revenue as permitted by this article.

(b) The general assembly declares that the enactment of IC 6-3.6 is a simplification, recodification, and replacement, in the same or a restated form, of the procedures established for the imposition, collection, and distribution of the income taxes authorized under a former tax. The substantive operation and effect of the provisions of a former tax that are repealed and replaced, in the same or a restated form, by the provisions of this article, continue uninterrupted.

(c) Notwithstanding the effective date of the repeal of the former tax laws on January 1, 2017, an adopting body may not adopt any ordinances under a former tax after June 30, 2015. In addition, notwithstanding the effective date of this article being July 1, 2015, an adopting body may not take any action under this article before July 1, 2016.

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

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

(2) Categorize the tax rate under the former taxes into the appropriate tax rate or rates under this article to provide revenue for all the same purposes for which revenue under a former tax was used in 2016. The revenue shall be apportioned, allocated, and distributed to taxing units, to the extent possible, in the same amounts, and be applied to those taxpayers in each property class that received any form of property tax relief in 2016 so that the benefits are received by the same property classes in the same proportionate amounts as in 2016. Matching the purposes of a former tax to the purposes under this article, including the apportionment, allocation, and distribution of revenue under this article shall be accomplished by using the best information available. These purposes include, but are not limited to, one (1) or more

of the following:

(A) Property tax credits using the options set forth in IC 6-3.6-5, which categorization is to encompass all uses of the revenue under a former tax that provided any form of property tax relief, except for revenue used for a levy freeze described in IC 6-3.6-11, including the following purposes:

(i) Property tax replacement credits that applied to all classes of property, including part of the revenue categorized from the first twenty-five hundredths percent (0.25%) rate under the county adjusted gross income tax under IC 6-3.5-1.1 (repealed) for civil taxing units and school corporations using the attributed allocation amounts for civil taxing units and school corporations as those determinations were made under IC 6-3.5-1.1 (repealed).

(ii) Credits against property taxes that did not apply to all classes of property, such as homestead credits, credits on other types of residential property, or credits used to offset the exemption of inventory from property taxation.

(B) Special purpose revenue that is not covered by a special purpose rate under IC 6-3.6-7, such as revenue that must be dedicated to public safety or economic development.

(C) Certified shares without any restriction on the use of the revenue.

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

(e) The department of local government finance shall, if necessary, recalculate maximum permissible property tax levies and property tax rates for all taxing units to transition to the use of property tax credits as prescribed in this article.

(f) The office of management and budget shall compile a comprehensive report detailing for each taxing unit throughout the state and for each property class type described in IC 6-3.5-6, the categorization of revenue and its uses under this article compared to the former taxes. Before November 1, 2015, the department shall submit its report to the legislative council in an electronic format under IC 5-14-6.

(g) The transition under this article shall be completed by August 1, 2016, for purposes of local government budgets for 2017.

Sec. 2. This article applies to:

(1) taxes and tax liability in effect after December 31, 2015;
(2) homestead and property tax credits against property tax liability imposed for an assessment date after February 28, 2015; and
(3) subject to subdivisions (1) and (2), administration of taxes described in section 3 of this chapter, after December 31, 2016.

Sec. 3. Except to the extent that taxes imposed in a county under:
(1) IC 6-3.5-1 (repealed);
(2) IC 6-3.5-1.1 (repealed);
(3) IC 6-3.5-6 (repealed); or
(4) IC 6-3.5-7 (repealed);
are increased, decreased, or rescinded under this article, the total tax rate in effect in a county under the provisions described in subdivisions (1) through (4) on May 1, 2016, continue in effect after May 1, 2016, and shall be treated as taxes imposed under this article.

Sec. 4. Notwithstanding:
(1) IC 6-3.5-1 (repealed);
(2) IC 6-3.5-1.1 (repealed);
(3) IC 6-3.5-6 (repealed); or
(4) IC 6-3.5-7 (repealed);
a change in a tax imposed under a provision described in subdivisions (1) through (4), credits related to property taxes, allocations of tax revenue, and pledges for payment from tax revenue after May 1, 2016, must be made under this article and not under the provisions described in subdivisions (1) through (4).

Sec. 5. A reference in a statute or rule to a statute that is repealed and replaced in the same or a different form in this article shall be treated after December 31, 2016, as a reference to the new provision.

Sec. 6. A pledge of a tax described in section 3 of this chapter for the payment of bonds, leases, or other expenditures shall be treated as a pledge of the related tax under this article for the same purpose. Notwithstanding the repeal of IC 6-3.5 and the enactment of this article, any pledge of revenues received from a tax imposed under any of the provisions of IC 6-3.5 (prior to its repeal) to the payment, in whole or in part, of:
(1) the principal of and interest on bonds;
(2) lease rentals due under a lease; and
(3) the payment of any other obligation;

is binding and enforceable and remains in full force and effect as long as the principal of and interest on any bonds, the lease rentals due under any lease, or the payment of any obligation remains unpaid. The enactment of this article does not affect any rights, duties, obligations, proceedings, or liabilities accrued before January 1, 2017. Those rights, duties, obligations, proceedings, or liabilities continue and shall be imposed and enforced under prior law as if this article had not been enacted.

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

Sec. 8. A period that began with respect to the issuance of bonds or leases payable from a tax described in section 3 of this chapter and limits the period in which the bonds or leases may be in effect continues under this article from the starting date and time of the original action under the laws described in section 3 of this chapter and limits the period in which the bonds or leases may be in effect as if the period were initiated under this article.

Sec. 9. Before August 2, 2016, the budget agency, with the assistance of the department of local government finance, shall certify to each county the income tax rates under this article, by tax rate category, as categorized by the office of management and budget under this chapter.

Sec. 10. The department of local government finance shall assist adopting bodies and other local governmental entities as necessary to provide for a transition to the administration of taxes under this article.

Chapter 2. Definitions

Sec. 1. The definitions in this chapter apply throughout this article.

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

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

(2) in the case of a resident local taxpayer of Perry County, the term does not include adjusted gross income described in

IC 6-3.6-8-7.

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

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

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

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

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

Sec. 8. "Economic development project" means any project that:

(1) the county, city, or town determines will:

(A) promote significant opportunities for the gainful employment of its citizens;

(B) attract a major new business enterprise to the county, city, or town; or

(C) retain or expand a significant business enterprise within the county, city, or town; and

(2) involves an expenditure for:

(A) the acquisition of land;

(B) interests in land;

(C) site improvements;

(D) infrastructure improvements;

(E) buildings;

(F) structures;

(G) rehabilitation, renovation, and enlargement of buildings and structures;

(H) machinery;

(I) equipment;

(J) furnishings;

(K) facilities;

(L) administrative expenses associated with a project described in this section, including contract payments to a nonprofit corporation whose primary corporate purpose

is to assist government in planning and implementing economic development projects;

(M) operating expenses of a governmental entity that plans or implements economic development projects; or

(N) substance removal or remedial action in a designated county, city, or town;

or any combination of these.

Sec. 9. "Executive" has the meaning set forth in IC 36-1-2-5.

Sec. 10. "Fiscal body" has the meaning set forth in IC 36-1-2-6.

Sec. 11. "Impose" includes adopt, amend, increase, decrease, and rescind.

Sec. 12. "Local income tax council" means a council established by IC 6-3.6-3-1.

Sec. 13. "Local taxpayer", as it relates to a particular county, means any individual who:

(1) resides in that county on the date specified in IC 6-3.6-8-3; or

(2) maintains the taxpayer's principal place of business or employment in that county on the date specified in IC 6-3.6-8-3 and who does not reside on that same date in another county in Indiana in which a tax under this article is in effect.

Sec. 14. "Public safety" refers to the following:

(1) A police and law enforcement system to preserve public peace and order.

(2) A firefighting and fire prevention system.

(3) Emergency ambulance services (as defined in IC 16-18-2-107).

(4) Emergency medical services (as defined in IC 16-18-2-110).

(5) Emergency action (as defined in IC 13-11-2-65).

(6) A probation department of a court.

(7) Confinement, supervision, services under a community corrections program (as defined in IC 35-38-2.6-2), or other correctional services for a person who has been:

(A) diverted before a final hearing or trial under an agreement that is between the county prosecuting attorney and the person or the person's custodian, guardian, or parent and that provides for confinement, supervision, community corrections services, or other correctional services instead of a final action described in clause (B) or (C);

(B) convicted of a crime; or

(C) adjudicated as a delinquent child or a child in need of services.

(8) A juvenile detention facility under IC 31-31-8.

(9) A juvenile detention center under IC 31-31-9.

(10) A county jail.

(11) A communications system (as defined in IC 36-8-15-3), an enhanced emergency telephone system (as defined in IC 36-8-16-2, before its repeal on July 1, 2012), or the statewide 911 system (as defined in IC 36-8-16.7-22).

(12) Medical and health expenses for jailed inmates and other confined persons.

(13) Pension payments for any of the following:

(A) A member of a fire department (as defined in IC 36-8-1-8) or any other employee of the fire department.

(B) A member of a police department (as defined in IC 36-8-1-9), a police chief hired under a waiver under IC 36-8-4-6.5, or any other employee hired by the police department.

(C) A county sheriff or any other member of the office of the county sheriff.

(D) Other personnel employed to provide a service described in this section.

Sec. 15. "Resident local taxpayer", as it relates to a particular county, means any local taxpayer who resides in that county on the date specified in IC 6-3.6-8-3.

Sec. 16. "School corporation" has the meaning set forth in IC 6-1.1-1-16.

Sec. 17. "Tax" refers to the following:

(1) A tax imposed under this article.

(2) A tax that was originally imposed under:

(A) IC 6-3.5-1 (repealed);

(B) IC 6-3.5-1.1 (repealed);

(C) IC 6-3.5-6 (repealed); or

(D) IC 6-3.5-7 (repealed);

and that is continued in effect under this article by IC 6-3.6-1-3.

Sec. 18. "Welfare allocation amount" means an amount equal to the sum of the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund and, if the county received a certified distribution under a former tax in 2008, the property taxes imposed by the county in 2008 for the

county's county medical assistance to wards fund, family and children's fund, children's psychiatric residential treatment services fund, county hospital care for the indigent fund, and children with special health care needs county fund, plus, in the case of Marion County, thirty-five million dollars ($35,000,000).

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

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

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

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

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

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

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

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

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

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

(d) An action taken by an adopting body under this article is not effective and is void unless the adopting body satisfies all the

requirements prescribed by the department of local government finance.

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) A tax rate may not be changed more than once each year under this article.

Sec. 5. (a) The auditor of a county shall record all votes taken on ordinances presented for a vote under this article and not more than ten (10) days after the vote, send a certified copy of the results to:

(1) the commissioner of the department of state revenue; and

(2) the commissioner of the department of local government finance;

in an electronic format approved by the commissioner of the department of local government finance.

(b) This subsection applies only to a county that has a local income tax council. The county auditor may cease sending certified copies after the county auditor sends a certified copy of results showing that members of the local income tax council have cast a majority of the votes on the local income tax council for or against the proposed ordinance.

Sec. 6. (a) This section applies to a county in which the county adopting body is a local income tax council.

(b) In the case of a city or town that lies within more than one (1) county, the county auditor of each county shall base the allocations required by subsection (c) on the population of that part of the city or town that lies within the county for which the allocations are being made.

(c) Each local income tax council has a total of one hundred (100) votes. Each member of a local income tax council is allocated a percentage of the total one hundred (100) votes that may be cast. The percentage that a city or town is allocated for a year equals the same percentage that the population of the city or town bears to the population of the county. The percentage that the county is allocated for a year equals the same percentage that the population of all areas in the county not located in a city or town bears to the population of the county. On or before January 1 of each year, the county auditor shall certify to each member of the local income tax council the number of votes, rounded to the nearest one hundredth (0.01), each member has for that year.

Sec. 7. (a) This section applies to a county in which the county adopting body is a local income tax council.

(b) Before a member of the local income tax council may

propose an ordinance or vote on a proposed ordinance, the member must hold a public hearing on the proposed ordinance and provide the public with notice of the time and place where the public hearing will be held.

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

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

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

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

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

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

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

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

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

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

(1) cease distributing those types of proposed ordinances for

the rest of the year; and

(2) withdraw from the membership any other of those types of proposed ordinances.

Any votes subsequently received by the county auditor on those types of proposed ordinances during that same year are void.

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

Chapter 4. Imposition of Tax

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

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

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

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

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

in the same ordinance.

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

(1) the adopting body; or

(2) any city, town, or county;

pledges all or a part of its share of revenues from the tax imposed under IC 6-3.6-6 or IC 6-3.6-7 (but not IC 6-3.6-5) for the life of the bonds or the term of the lease, in an amount that is sufficient, when combined with the amount pledged by the city, town, or county

that issued the bonds, to produce one and twenty-five hundredths (1.25) times the total of the highest annual outstanding debt service plus the highest annual lease payments plus the amount required under the agreements for the bonds or leases to be deposited in a sinking fund or other reserve.

Chapter 5. Property Tax Relief Rates

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

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

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

(2) the approved property tax levy or rate for any fund;

by the amount of any credits granted under this chapter.

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

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

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

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

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

(b) The adopting body may impose a tax rate under this chapter that does not exceed two and five-tenths percent (2.5%) on the adjusted gross income of local taxpayers in the county served by the adopting body.

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

under this section.

(d) The adopting body shall specify by ordinance how the revenue from the tax shall be applied to provide property tax credits in subsequent years. The ordinance must be adopted before July 1 and first applies in the following year and then thereafter until it is rescinded or modified. The property tax credits may be allocated 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 any of the following types of property as a single category:

(A) Residential property, as defined in 6-1.1-20.6-4.

(B) Real property, a mobile home, and industrialized housing that would qualify as a homestead if the taxpayer had filed for a homestead credit under IC 6-1.1-20.9 (repealed) or the standard deduction under IC 6-1.1-12-37.

(C) Real property consisting of units that are regularly used to rent or otherwise furnish residential accommodations for periods of at least thirty (30) days, regardless of whether the tangible property is subject to assessment under rules of the department of local government finance that apply to:

(i) residential property; or

(ii) commercial property.

(4) 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.

(e) Within a category described in subsection (d) for which an ordinance grants property tax credits, the property tax credit rate must be a uniform percentage for all qualifying taxpayers with property in that category in the county. The credit percentage may be, but does not have to be, uniform for all categories of property. The total of all tax credits granted under this section for a year may not exceed the amount of revenue raised by the tax imposed under this section. If the amount available in a year for property tax credits under this section is less than the amount necessary to provide all the property tax credits authorized by the adopting body, the county auditor shall reduce the property tax credits granted to eliminate the excess. The county auditor shall reduce credits within the categories described in subsection (d)(1) through (d)(4) as follows:

(1) First, against property taxes imposed on property described in subsection (d)(4).

(2) Second, if an excess remains after applying the reduction as described in subdivision (1), against property taxes imposed on property described in subsection (d)(3).

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

(4) Fourth, if an excess remains after applying the reduction as described in subdivisions (1) through (3), against property taxes imposed on property described in subsection (d)(1).

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

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

Chapter 6. Expenditure Rate

Sec. 1. An adopting body may impose a tax under section 2 of this chapter on the adjusted gross income of local taxpayers in the

county served by the adopting body.

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

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

(1) one and twenty-five hundredths percent (1.25%) in all counties other than Marion County; and

(2) one and five-tenths percent (1.5%) in Marion County;

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

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

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

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

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

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

Sec. 4. The adopting body shall, by ordinance, determine how the additional revenue from a tax under this chapter must be allocated in subsequent years. The ordinance must be adopted before July 1 and first applies in the following year and then thereafter until it is rescinded or modified. The revenue must be allocated among the following uses as provided in this chapter:

(1) Public safety.

(2) Economic development projects.

(3) Certified shares.

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

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

in that year.

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

(b) The county auditor may not in a year reduce an allocation of money pledged to make bond payments or lease payments less than the amount pledged to make payments in that year.

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

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

(1) allocate the excess as directed by the adopting body; or

(2) in the absence of an ordinance that allocates all the excess, retain the excess and apply it, as necessary, to fund the purposes authorized by the adopting body for the following year.

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

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

(c) Except as provided in subsection (d), the amount of the certified distribution that is allocated to public safety purposes, and for Marion County after making allocations under IC 6-3.6-11, shall be allocated to the county and to each municipality in the county that is carrying out or providing at least one (1) public safety purpose. The amount allocated under this subsection to a

county or municipality is equal to the result of:

(1) the amount of the certified distribution that is allocated to public safety purposes; multiplied by

(2) a fraction equal to:

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

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

(d) A fire department, volunteer fire department, or emergency medical services provider that:

(1) provides fire protection or emergency medical services within the county; and

(2) is operated by or serves a political subdivision that is not otherwise entitled to receive a distribution of tax revenue under this section;

may, before July 1 of a year, apply to the adopting body for a distribution of tax revenue under this section during the following calendar year. The adopting body shall review an application submitted under this subsection and may, before September 1 of a year, adopt a resolution requiring that one (1) or more of the applicants shall receive a specified amount of the tax revenue to be distributed under this section during the following calendar year. A resolution approved under this subsection providing for a distribution to one (1) or more fire departments, volunteer fire departments, or emergency medical services providers applies only to distributions in the following calendar year. Any amount of tax revenue distributed under this subsection to a fire department, volunteer fire department, or emergency medical services provider shall be distributed before the remainder of the tax revenue is allocated under subsection (c).

Sec. 9. (a) This section applies to the allocation of additional revenue from a tax under this chapter for economic development purposes.

(b) Money designated for economic development purposes shall be allocated to the county, cities, and towns for use by the taxing unit's fiscal body for any of the purposes described in IC 6-3.6-10. Except as provided in subsections (c) and (d), and subject to adjustment as provided in IC 36-8-19-7.5, the amount of the certified distribution allocated to economic development purposes that the county and each city or town in a county is entitled to

receive each month of each year equals the amount determined using the following formula:

STEP ONE: Determine the sum of:

(A) the total property taxes being imposed by the county, city, or town during the calendar year of the distribution; plus

(B) for a county, the welfare allocation amount.

STEP TWO: Determine the sum of the following:

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

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

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

STEP FOUR: Determine the quotient of:

(A) The STEP THREE amount; divided by

(B) the sum of the total property taxes that are first due and payable to the county and all cities and towns of the county during the calendar year in which the month falls, plus the welfare allocation amount.

STEP FIVE: Determine the product of:

(A) the amount of the certified distribution allocated to economic development purposes for that month; multiplied by

(B) the STEP FOUR amount.

(c) The body imposing the tax may adopt an ordinance before August 2 of a year to provide for a distribution of the amount allocated to economic development purposes based on population instead of a distribution under subsection (b). The following apply if an ordinance is adopted under this subsection:

(1) The ordinance is effective January 1 of the following year.

(2) The amount of the certified distribution allocated to economic development purposes that the county and each city and town in the county are entitled to receive during each month of each year equals the product of:

(A) the amount of the certified distribution that is allocated to economic development purposes for the month; multiplied by

(B) the quotient of:

(A) for a city or town, the population of the city or the town that is located in the county and for a county, the population of the part of the county that is not located in a city or town; divided by

(B) the population of the entire county.

(3) The ordinance may be made irrevocable for the duration of specified lease rental or debt service payments.

(d) In a county having a consolidated city, only the consolidated city is entitled to the amount of the certified distribution that is allocated to economic development purposes.

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

(1) the debt obligation was issued; and

(2) the proceeds were appropriated from property taxes;

to refund or otherwise refinance a debt obligation or a lease issued before July 1, 2005. However, an appropriation from property taxes related to a debt obligation issued after June 30, 2005, is deducted if the debt extends payments on a debt or lease beyond the time in which the debt or lease would have been payable if the debt or lease had not been refinanced or increases the total amount that must be paid on a debt or lease in excess of the amount that would have been paid if the debt or lease had not been refinanced. The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that would have been paid.

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

(1) the lease was issued; and

(2) the proceeds were appropriated from property taxes;

to refinance a debt obligation or lease issued before July 1, 2005. However, an appropriation from property taxes related to a lease entered into after June 30, 2005, is deducted if the lease extends payments on a debt or lease beyond the time in which the debt or lease would have been payable if the debt or lease had not been refinanced or increases the total amount that must be paid on a debt or lease in excess of the amount that would have been paid if the debt or lease had not been refinanced. The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that

would have been paid.

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

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

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

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

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

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

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

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

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

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

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

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

STEP TWO: Determine the sum of the following:

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

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

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

STEP FOUR: Determine the sum of:

(A) the STEP THREE amount; plus

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

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

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

(1) the debt obligation was issued; and

(2) the proceeds were appropriated from property taxes;

to refund or otherwise refinance a debt obligation or a lease issued before July 1, 2005. However, an appropriation from property taxes related to a debt obligation issued after June 30, 2005, is deducted if the debt extends payments on a debt or lease beyond the time in which the debt or lease would have been payable if the debt or lease had not been refinanced or increases the total amount that must be paid on a debt or lease in excess of the amount that would have been paid if the debt or lease had not been refinanced. The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that would have been paid.

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

(1) the lease was issued; and

(2) the proceeds were appropriated from property taxes;

to refinance a debt obligation or lease issued before July 1, 2005. However, an appropriation from property taxes related to a lease entered into after June 30, 2005, is deducted if the lease extends payments on a debt or lease beyond the time in which the debt or lease would have been payable if the debt or lease had not been refinanced or increases the total amount that must be paid on a debt or lease in excess of the amount that would have been paid if the debt or lease had not been refinanced. The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that would have been paid.

Sec. 13. (a) This section applies to an allocation of certified

shares in all counties other than Marion County.

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

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

(2) in the case of a county, the welfare allocation amount.

Sec. 14. (a) This section applies to an allocation of certified shares in a county other than Marion County.

(b) Subject to this chapter, certified shares must be allocated among civil taxing units based on the attributed allocation amount.

(c) The amount of certified shares to be allocated to each civil taxing unit is equal to:

(1) the total amount of the certified distribution that is allocated to certified shares for the county for the month; multiplied by

(2) the quotient of:

(A) the attributed allocation amount for the civil taxing unit in the county during the calendar year; divided by

(B) the sum of the attributed allocation amounts for all civil taxing units in the county during the calendar year.

Sec. 15. (a) This section applies to an allocation or distribution, or both, of certified shares that is required to be made to a civil taxing unit in a county other than Marion County.

(b) IC 36-8-19-7.5 applies to the adjustment of the amounts distributed to a civil taxing unit that participates in a fire protection territory.

Sec. 16. IC 6-3.6-11 applies to the allocation of certified shares in Marion County.

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

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

(1) any purpose of the civil taxing unit;

(2) any purpose of another governmental entity located in any part in the county, including a governmental entity organized on a regional basis; or

(3) any purpose for which certified shares may be used under IC 6-3.6-10.

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

Sec. 19. (a) A civil taxing unit may distribute any part of its certified shares to any governmental entity located in any part of

its county to:

(1) carry out a joint purpose; or

(2) fund the purposes of the other governmental entity;

including a governmental entity organized on a regional basis to serve an area in more than one (1) county.

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

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

Chapter 7. Special Purpose Rates

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

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

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

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

(A) related buildings and parking facilities;

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

(C) the acquisition of land; and

(D) any other reasonably related costs;

for these purposes.

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

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

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

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

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

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

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

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

However, for a bond or lease entered into after December 31, 2015, the term of the bonds issued (including any refunding bonds) or a lease entered into under this section may not exceed twenty (20) years. The adopting body shall provide a notice to the budget agency, the department of local government finance, and the department of state revenue specifying that the date for the termination of the tax rate has occurred.

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

(1) the redemption of bonds issued; or

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

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

Sec. 4. In order to impose a tax under this chapter, the adopting body must adopt an ordinance finding and determining that revenues from the tax are needed for the purposes described in the section under which the tax is imposed.

Sec. 5. Revenue raised from a tax imposed under this chapter shall be treated as additional revenue and may not be considered by the department of local government finance in determining:

(1) any taxing unit's maximum permissible property tax levy

limit under IC 6-1.1-18.5; or

(2) the approved property tax rate for any fund.

Sec. 6. A governmental entity to which revenue raised from a tax under this chapter is distributed must segregate the amount raised from the tax in a separate account or fund and maintain sufficient records, as required by the state board of accounts, to demonstrate that the revenue is used only for the purposes for which the tax was imposed.

Sec. 7. (a) This section applies to Daviess County.

(b) Daviess County possesses unique governmental and economic development challenges due to:

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

(2) an increase in property taxes for taxable years after December 31, 2000, for the construction of a new elementary school; and

(3) overcrowding of the county jail, the costs associated with housing the county's inmates outside the county, and the potential unavailability of additional housing for inmates outside the county.

The use of a tax under this section is necessary for the county to provide adequate jail capacity in the county and to maintain low property tax rates essential to economic development. The use of a tax under this section for the purposes of this section, rather than the use of property taxes, promotes these purposes.

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

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

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

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

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

(2) To repay bonds issued or leases entered into for constructing, acquiring, improving, renovating, remodeling, and equipping the county jail and related buildings and parking facilities, including costs related to the demolition of

existing buildings, the acquisition of land, and any other reasonably related costs.

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

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

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

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

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

(1) the redemption of bonds issued; or

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

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

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

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

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

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

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

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

(A) jail facilities;

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

(C) other criminal justice facilities; and

(D) related buildings and parking facilities;

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

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

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

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

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

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

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

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

(1) the product of:

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

(B) a fraction described as follows:

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

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

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

The department of local government finance shall make any adjustments necessary to account for the expansion of a library district. However, a public library is eligible to receive property

tax replacement credits under this section only if it has entered into reciprocal borrowing agreements with all other public libraries in the county. If the total amount of tax revenue deposited by the county auditor in the library property tax replacement fund for a calendar year exceeds the total property tax liability that would otherwise be imposed for public libraries in the county for the year, the excess must remain in the library property tax replacement fund and may be used for library property tax replacement purposes in the following calendar year.

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

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

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

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

(d) Revenues raised from a tax imposed under this section may be used only for the purposes of funding a property tax credit to reduce the property tax liability imposed by a county to fund the county's operation and maintenance of a jail or a juvenile detention center, or both.

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

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

necessary, to provide the property tax credits for the purposes of this section for the following year.

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

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

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

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

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

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

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

(A) jail facilities;

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

(C) other criminal justice facilities; and

(D) related buildings and parking facilities;

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

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

(c) The county council may, by ordinance, determine that additional local income tax revenue is also needed in the county to operate or maintain any of the facilities described in subsection (b)(1)(A) through (b)(1)(D) that are located in the county. The county council may make a determination under both this subsection and subsection (b).

(d) The county council may impose a tax rate of:

(1) fifteen-hundredths percent (0.15%);

(2) two-tenths percent (0.2%); or

(3) twenty-five hundredths percent (0.25%);

on the adjusted gross income of county taxpayers if the adopting body makes a finding and determination set forth in subsection (b) or (c).

(e) If the county council imposes the tax under this section to pay for the purposes described in both subsections (b) and (c), when:

(1) the financing, construction, acquisition, improvement, renovation, and equipping described in subsection (b) are

completed; and

(2) all bonds issued or leases entered into to finance the construction, acquisition, improvement, renovation, and equipping described in subsection (b) are fully paid;

the county council shall, subject to subsection (d), establish a tax rate under this section by ordinance such that the revenue from the tax does not exceed the costs of operating and maintaining the jail facilities described in subsection (b)(1)(A). The tax rate may not be imposed at a rate greater than is necessary to carry out the purposes described in subsections (b) and (c), as applicable.

(f) The tax imposed under this section may be imposed only until the latest of the following:

(1) The date on which the financing, construction, acquisition, improvement, renovation, and equipping described in subsection (b) are completed.

(2) The date on which the last of any bonds issued or leases entered into to finance the construction, acquisition, improvement, renovation, and equipping described in subsection (b) are fully paid.

(3) The date on which an ordinance adopted under subsection (c) is rescinded.

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

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

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

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

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

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

(j) Notwithstanding any other law, money remaining in the criminal justice facilities revenue fund established under subsection (h) after the tax imposed by this section is terminated under subsection (f) shall be transferred to the county highway

fund to be used for construction, resurfacing, restoration, and rehabilitation of county highways, roads, and bridges.

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

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

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

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

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

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

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

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

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

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

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

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

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

(A) jail facilities;

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

(C) other criminal justice facilities; and

(D) related buildings and parking facilities;

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

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

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

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

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

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

(20) years.

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

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

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

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

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

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

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

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

(2) The rate necessary to pay the costs of financing, constructing, acquiring, renovating, and equipping a county jail.

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

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

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

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

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

facilities to provide juvenile services.

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

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

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

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

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

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

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

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

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

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

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

(d) Revenue from a tax imposed under this section may be used

only for the following purposes:

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

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

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

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

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

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

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

(1) the redemption of the bonds issued; or

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

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

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

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

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

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

(b) Randolph County possesses:

(1) unique fiscal challenges to finance the operations of county government due to the county's ongoing obligation to repay amounts received by the county due to an overpayment of the

county's certified distribution under IC 6-3.5-1.1-9 (before its repeal) for a prior year; and

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

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

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

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

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

(1) Financing, constructing, acquiring, renovating, and equipping the county courthouse, and financing and renovating the former county hospital for additional office space, educational facilities, nonsecure juvenile facilities, and other county functions, including the repayment of bonds issued, or leases entered into, for constructing, acquiring, renovating, and equipping the county courthouse and for renovating the former county hospital for additional office space, educational facilities, nonsecure juvenile facilities, and other county functions.

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

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

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

(b) Scott County is a county in which:

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

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

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

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

promotes the purpose of maintaining low property tax rates.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) To finance, construct, acquire, and equip the county jail and related buildings and parking facilities, including costs related to the demolition of existing buildings, the acquisition

of land, and any other reasonably related costs.

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

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

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

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

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

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

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

(1) the county's heavy agricultural base;

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

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

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

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

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

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

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

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

(2) To repay bonds issued, or leases entered into, for constructing, acquiring, improving, renovating, and equipping

the county courthouse.

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

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

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

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

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

(1) the redemption of the bonds issued; or

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

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

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

(b) Wayne County possesses unique economic development challenges due to underemployment in relation to similarly situated counties. Maintaining low property tax rates is essential to economic development, and the use of a tax under this section to pay any bonds issued or leases entered into to carry out the purposes of this section, rather than the use of property taxes, promotes these purposes.

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

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

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

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

(e) The tax imposed under this section may be imposed only until the later of the date on which the financing, acquisition,

improvement, renovation, and equipping described in this section are completed or the date on which the last of any bonds issued or leases entered into to finance the construction, acquisition, improvement, renovation, and equipping described in this section are fully paid. The term of the bonds issued (including any refunding bonds) or a lease entered into under this section may not exceed twenty (20) years.

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

(1) the redemption of bonds issued; or

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

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

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

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

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

(2) in the case of any other county to which this section applies, five-hundredths of one percent (0.05%).

(c) The revenue from a tax under this section may be used only for the purpose of transferring the revenue in the regional development authority under IC 36-7.6.

Sec. 25. (a) This section applies only to a county that:

(1) operates a county jail that is subject to an order that:

(A) was issued by a federal district court before January 1, 2003; and

(B) has not been terminated;

(2) operates a county jail that fails to meet:

(A) American Correctional Association Jail Construction Standards; and

(B) Indiana jail operation standards adopted by the department of correction; and

(3) has insufficient revenue to finance the construction, acquisition, improvement, renovation, and equipping of a county jail and related buildings and parking facilities.

(b) A county described in subsection (a) possesses unique economic development challenges due to underemployment in

relation to similarly situated counties. Maintaining low property tax rates is essential to economic development. The use of a tax under this section for the purposes of this section, rather than the use of property taxes, promotes these purposes.

(c) For purposes of this section, "county jail" includes any other penal facility that is:

(1) located in; and

(2) operated by;

the county.

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

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

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

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

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

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

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

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

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

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

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

(1) the redemption of bonds issued; or

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

shall be transferred to the county general fund.

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

(1) operates a courthouse that is subject to an order that:
(A) is issued by a federal district court;
(B) applies to an action commenced before January 1, 2003; and
(C) requires the county to comply with the federal Americans with Disabilities Act; and
(2) has insufficient revenues to finance the construction, acquisition, improvement, renovation, equipping, and operation of the courthouse facilities and related facilities.

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

(c) The county fiscal body may impose a tax on the adjusted gross income of local taxpayers at a tax rate that does not exceed the lesser of the following:
(1) Twenty-five hundredths percent (0.25%).
(2) The rate necessary to carry out the purposes described in this section.

(d) Revenue from a tax under this section may be used only for the following purposes:
(1) To finance, construct, acquire, improve, renovate, equip, or operate the county courthouse or related facilities.
(2) To repay bonds issued or leases entered into for constructing, acquiring, improving, renovating, equipping, or operating the county courthouse or related facilities.
(3) To pay for economic development projects described in the county's capital improvement plan.

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

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

(b) If the voters of the county approve a local public question under IC 8-25-2, the fiscal body of the county may adopt an ordinance to provide for the use of local income tax revenues attributable to an additional tax rate imposed under this subsection to fund a public transportation project under IC 8-25. However, a

county fiscal body shall adopt an ordinance under this subsection if required by IC 8-25-6-10 to impose an additional tax rate on the county taxpayers who reside in a township in which the voters approve a public transportation project in a local public question held under IC 8-25-6. An ordinance adopted under this subsection must specify an additional tax rate to be imposed in the county (or township in the case of an additional rate required by IC 8-25-6-10) of at least one-tenth percent (0.1%), but not more than twenty-five hundredths percent (0.25%). If an ordinance is adopted under this subsection, the amount of the certified distribution attributable to the additional tax rate imposed under this subsection must be:

(1) retained by the county auditor;

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

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

Chapter 8. Administration of Tax

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

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

(A) the number of months in the taxpayer's taxable year in which the rate is in effect; by

(B) the rate.

STEP TWO: Divide:

(A) the sum of the amounts determined under STEP ONE; by

(B) twelve (12).

Sec. 2. If the tax is not in effect during a local taxpayer's entire taxable year, the amount of tax that the local taxpayer owes for that taxable year equals the product of:

(1) the amount of tax the local taxpayer would owe if the tax had been imposed during the local taxpayer's entire taxable year; multiplied by

(2) a fraction equal to:

(A) the number of days in the local taxpayer's taxable year during which the tax was in effect; divided by

(B) the total number of days in the local taxpayer's taxable year.

However, if the taxpayer files state income tax returns on a calendar year basis, the fraction to be applied under this section is

one-half (1/2).

Sec. 3. (a) For purposes of this article, an individual shall be treated as a resident of the county in which the individual:

(1) maintains a home, if the individual maintains only one (1) home in Indiana;

(2) if subdivision (1) does not apply, is registered to vote;

(3) if subdivision (1) or (2) does not apply, registers the individual's personal automobile; or

(4) spent the majority of the individual's time in Indiana during the taxable year in question, if subdivision (1), (2), or (3) does not apply.

(b) The residence or principal place of business or employment of an individual is to be determined on January 1 of the calendar year in which the individual's taxable year commences. If an individual changes the location of the individual's residence or principal place of employment or business to another county in Indiana during a calendar year, the individual's liability for tax is not affected.

(c) Notwithstanding subsection (b), if an individual becomes a local taxpayer for purposes of IC 36-7-27 during a calendar year because the individual:

(1) changes the location of the individual's residence to a county in which the individual begins employment or business at a qualified economic development tax project (as defined in IC 36-7-27-9); or

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

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

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

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

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

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

(1) definitions;

(2) declarations of estimated tax;

(3) filing of returns;

(4) deductions or exemptions from adjusted gross income;

(5) remittances;

(6) incorporation of the provisions of the Internal Revenue Code;

(7) penalties and interest; and

(8) exclusion of military pay credits for withholding;

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

(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 not apply to the tax imposed by this article.

(c) Notwithstanding subsections (a) and (b), each employer shall report to the department of state revenue the amount of withholdings attributable to each county. This report shall be submitted to the department of state revenue:

(1) each time the employer remits to the department the tax that is withheld; and

(2) annually along with the employer's annual withholding report.

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

(b) The credit provided by this section does not apply to a local

taxpayer to the extent that the other governmental entity provides for a credit to the taxpayer for the amount of taxes owed under this article.

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

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

(1) earned in a county that is:

(A) located in another state; and

(B) adjacent to the county in which the taxpayer resides; and

(2) subject to an income tax imposed by a county, city, town, or other local governmental entity in the other state.

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

(1) the product of:

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

(B) a fraction equal to:

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

(ii) fifteen-hundredths (0.15); or

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

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

Chapter 9. Distribution of Revenue

Sec. 1. (a) A trust account within the state general fund shall be established for each county that imposes a tax. Any revenue derived from the imposition of the tax by a county shall be

deposited in that county's trust account in the state general fund.

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

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

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

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

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

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

(2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

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

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

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

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

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

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

Sec. 6. The budget agency shall certify an amount less than the amount determined under section 5(b) of this chapter if the budget agency determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The budget agency may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

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

Sec. 8. This section applies to a county that imposes, increases, decreases, or rescinds a tax or tax rate under this article before November 1 in the same calendar year in which the budget agency makes a certification under this section. The budget agency shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The budget agency shall provide for a full

transition to certification of distributions as provided in section 4(1) through 4(2) of this chapter in the manner provided in section 6 of this chapter. If the county imposes, increases, decreases, or rescinds a tax or tax rate under this article after the date for which a certification under section 5(b) of this chapter is based, the budget agency shall adjust the certified distribution of the county after October 1 and before December 1 of the calendar year. The adjustment must reflect any other adjustment required under sections 6 and 7 of this chapter. The adjusted certification shall be treated as the county's certified distribution for the immediately succeeding calendar year. The budget agency shall certify the adjusted certified distribution to the county auditor for the county and provide the county council with an informative summary of the calculations that revises the informative summary provided in section 9 of this chapter and reflects the changes made in the adjustment.

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

(1) the amount reported on individual income tax returns processed by the department during the previous fiscal year;

(2) adjustments for over distributions in prior years;

(3) adjustments for clerical or mathematical errors in prior years;

(4) adjustments for tax rate changes; and

(5) the amount of excess account balances to be distributed under section 15 of this chapter.

Sec. 10. The budget agency shall also certify information concerning the part of the certified distribution that is attributable to each of the following:

(1) The tax rate imposed under IC 6-3.6-5.

(2) The tax rate imposed under IC 6-3.6-6.

(3) Each tax rate imposed under IC 6-3.6-7.

The amount certified shall be adjusted to reflect any adjustment in the certified distribution under this chapter.

Sec. 11. The information described in sections 9 and 10 of this chapter must be certified to the county auditor and to the department of local government finance not later than the later of the following:

(1) October 1 of each calendar year.

(2) Thirty (30) days after the adopting body certifies a new rate to the budget agency.

Sec. 12. One-twelfth (1/12) of each adopting county's certified distribution for a calendar year shall be distributed from its trust account established under this chapter to the appropriate county treasurer on the first regular business day of each month of that calendar year.

Sec. 13. All distributions from a trust account established under this chapter shall be made by warrants issued by the auditor of state to the treasurer of state ordering the appropriate payments.

Sec. 14. Before November 2 of each year, the budget agency shall submit a report to each county auditor indicating the balance in the county's trust account as of the cutoff date set by the budget agency.

Sec. 15. (a) If the budget agency determines that the balance in a county trust account exceeds fifty percent (50%) of the certified distributions to be made to the county in the ensuing year, the budget agency shall make a supplemental distribution to the county from the county's special account.

(b) A supplemental distribution described in subsection (a) must be:

(1) made in January of the ensuing calendar year; and

(2) allocated in the same manner as certified distributions for deposit in a civil unit's rainy day fund established under IC 36-1-8-5.1. However, the part of a supplemental distribution that is attributable to an additional rate authorized under this article:

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

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

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

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

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

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

article.

Chapter 10. Permitted Expenditures

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

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

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

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

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

(4) The construction or acquisition of, or remedial action with respect to, a capital project for which the unit is empowered to issue general obligation bonds or establish a fund under any statute listed in IC 6-1.1-18.5-9.8.

(5) The retirement of bonds issued under any provision of Indiana law for a capital project.

(6) The payment of lease rentals under any statute for a capital project.

(7) Contract payments to a nonprofit corporation whose primary corporate purpose is to assist government in planning and implementing economic development projects.

(8) Operating expenses of a governmental entity that plans or implements economic development projects.

(9) Funding of a revolving fund established under IC 5-1-14-14.

(10) For a regional venture capital fund or a local venture capital fund.

Sec. 3. (a) The fiscal body of a county, city, or town may issue bonds payable from revenue under IC 6-3.6-6. The bonds must be for economic development projects.

(b) The fiscal body of a county, city, or town may issue bonds payable from revenue described in section 2 of this chapter for any

capital project for which the fiscal body is authorized to issue general obligation bonds. The bonds issued under this section may be payable from the tax if the county option income tax (IC 6-3.5-6 repealed), the county adjusted gross income tax (IC 6-3.5-1.1 repealed), or a tax under IC 6-3.6-6 is also in effect in the county at the time the bonds are issued.

(c) If there are bonds outstanding that have been issued under this section, or leases in effect under section 4 of this chapter, the adopting body may not reduce the tax imposed under IC 6-3.6-6, or an allocation under IC 6-3.6-6-9, or certified shares pledged to repay bonds, as appropriate, below a rate that would produce one and twenty-five hundredths (1.25) times the total of the highest annual debt service on the bonds to their final maturity, plus the highest annual lease payments, unless:

(1) the body that imposed a tax under IC 6-3.6-6; or

(2) any city, town, or county;

pledges all or a part of its certified shares for the life of the bonds or the term of the lease, in an amount that is sufficient, when combined with the amount pledged by the city, town, or county that issued the bonds, to produce one and twenty-five hundredths (1.25) times the total of the highest outstanding annual debt service plus the highest annual lease payments.

(d) For purposes of subsection (c), the determination of a tax rate sufficient to produce one and twenty-five hundredths (1.25) times the total of the highest outstanding annual debt service plus the highest annual lease payments must be based on an average of the immediately preceding three (3) years tax collections, if the tax has been imposed for the last preceding three (3) years. If the tax has not been imposed for the last preceding three (3) years, the body that imposed the tax may not reduce the rate below a rate that would produce one and twenty-five hundredths (1.25) times the total of the highest annual debt service, plus the highest annual lease payments, based upon a study by a qualified public accountant or financial advisor.

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

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

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

(h) The general assembly covenants that it will not repeal or amend this article in a manner that would adversely affect owners

of outstanding bonds issued, or payment of any lease rentals due, under this section.

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

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

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

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

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

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

(g) If a unit exercises an option to buy a leased facility from a lessor, the unit may subsequently sell the leased facility, without regard to any other statute, to the lessor at the end of the lease term at a price set forth in the lease or at fair market value established at the time of the sale by the executive of the unit through auction, appraisal, or arms length negotiation. If the

facility is sold at auction, after appraisal, or through negotiation, the unit shall conduct a hearing after public notice in accordance with IC 5-3-1 before the sale. Any action to contest the sale must be brought within fifteen (15) days of the hearing.

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

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

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

Sec. 7. (a) The general assembly finds that counties and municipalities in Indiana have a need to foster economic development, the development of new technology, and industrial and commercial growth. The general assembly finds that it is necessary and proper to provide an alternative method for counties and municipalities to foster the following:

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

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

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

(1) Determine that part or all the revenue described in section 2 of this chapter should be combined to foster:
(A) economic development;
(B) the development of new technology; and
(C) industrial and commercial growth.

(2) Establish a regional venture capital fund.

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

(1) Revenues described in section 2 of this chapter.

(2) The proceeds of public or private grants.

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

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

(1) The membership of the governing board.

(2) The amount of each unit's contribution to the fund.

(3) The procedures and criteria under which the governing board may loan or grant money from the fund.

(4) The procedures for the dissolution of the fund and for the distribution of money remaining in the fund at the time of the dissolution.

(f) An interlocal agreement made by the participating units under subsection (e) must provide that:

(1) each of the participating units is represented by at least one (1) member of the governing board; and

(2) the membership of the governing board is established on a bipartisan basis so that the number of the members of the governing board who are members of one (1) political party may not exceed the number of members of the governing board required to establish a quorum.

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

(h) An interlocal agreement made by the participating units under subsection (e) must be submitted to the Indiana economic development corporation for approval before the participating units may contribute to the fund.

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

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

(1) To promote significant employment opportunities for the residents of the units participating in the regional venture capital fund.

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

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

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

(1) Research and development of technology.

(2) Job training and education.

(3) Acquisition of property interests.

(4) Infrastructure improvements.

(5) New buildings or structures.

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

(7) Machinery, equipment, and furnishings.

(8) Funding small business development with respect to:

(A) prototype products or processes;

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

(C) business plans for the development and production of new products or processes.

Sec. 8. (a) The fiscal body of a county or municipality may, by resolution, establish a local venture capital fund.

(b) A unit establishing a local venture capital fund under subsection (a) may deposit the following in the fund:

(1) Revenues described in section 2 of this chapter.

(2) The proceeds of public or private grants.

(c) A local venture capital fund shall be administered by a governing board. The expenses of administering the fund shall be

paid from money in the fund. The governing board shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited into the fund. The fund is subject to an annual audit by the state board of accounts. The fund must bear the full costs of the audit.

(d) The fiscal body of a unit establishing a local venture capital fund under subsection (a) shall establish the terms for the administration of the local venture capital fund. The terms must include the following:

(1) The membership of the governing board.

(2) The amount of the unit's contribution to the fund.

(3) The procedures and criteria under which the governing board may loan or grant money from the fund.

(4) The procedures for the dissolution of the fund and for the distribution of money remaining in the fund at the time of the dissolution.

(e) A unit establishing a local venture capital fund under subsection (a) must be represented by at least one (1) member of the governing board.

(f) The membership of the governing board must be established on a bipartisan basis so that the number of the members of the governing board who are members of one (1) political party may not exceed the number of members of the governing board required to establish a quorum.

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

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

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

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

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

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

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

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

(1) Research and development of technology.

(2) Job training and education.

(3) Acquisition of property interests.

(4) Infrastructure improvements.

(5) New buildings or structures.

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

(7) Machinery, equipment, and furnishings.

(8) Funding small business development with respect to:

(A) prototype products or processes;

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

(C) business plans for the development and production of new products or processes.

Chapter 11. Supplemental Allocation and Distribution Requirements

Sec. 1. (a) This section applies to any county that imposed a former tax to provide for a levy freeze.

(b) The revenue used to offset the levy freeze shall be part of the tax rate under IC 6-3.6-5.

(c) The levy freeze amount prescribed by the adopting body shall continue to be applied under this article as it was applied under the former tax until an adopting body adopts an ordinance:

(1) that fixes the levy freeze amount as of a certain date as permitted under the former tax; or

(2) provides that the levy freeze no longer applies.

(d) The levy freeze, levy amounts, and income tax distributions shall be administered in the same manner as under the former tax. The distributions of income tax shall be made before applying the property tax credits funded by a tax rate under IC 6-3.6-5.

Sec. 2. (a) This section applies to Jasper County's allocation of property tax credits provided by a tax rate under IC 6-3.6-5.

(b) 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.

Sec. 3. (a) This section applies to Lake County's categorizations, allocations, and distributions under IC 6-3.6-5.

(b) The rate under the former tax in Lake County that was used for any of the following shall be categorized under IC 6-3.6-5 and used for the following:

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

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

(A) 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 be used only to provide a local property tax credit against property taxes imposed by that municipality.

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

(3) To provide property tax credits in the following manner:

(A) Sixty percent (60%) of the tax revenue shall be used as provided in subdivision (2).

(B) Forty percent (40%) of the tax revenue shall be used to provide property tax replacement credits against property tax levies of the county and each township and municipality in the county. The percentage of the tax revenue distributed under this item that shall be used as credits against the county's levies or against a particular

township's or municipality's levies is equal to the percentage determined by dividing the population of the county, township, or municipality by the sum of the total population of the county, each township in the county, and each municipality in the county.

The Lake County council shall determine whether the credits under subdivision (1), (2), or (3) shall be provided to homesteads, to all qualified residential property, or to all taxpayers. The department of local government finance, with the assistance of the budget agency, shall certify to the county auditor and the fiscal body of the county and each township and municipality in the county the amount of property tax credits under this subdivision. The tax revenue under this section that is used to provide credits under this subdivision shall be treated for all purposes as property tax levies but shall not be considered for purposes of computing the maximum permissible property tax levy under IC 6-1.1-18.5-3 or the credit under IC 6-1.1-20.6.

Sec. 4. (a) This section applies to Marion County's allocation of the tax revenue under IC 6-3.6-6 that is dedicated to public safety.

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

Sec. 5. (a) This section applies to Marion County's allocation of the tax revenue under IC 6-3.6-6 that is dedicated to certified shares.

(b) The consolidated city, the county, all special taxing districts, special service districts, included towns (as defined in IC 36-3-1-7), and all other political subdivisions except:

(1) townships;

(2) excluded cities (as defined in IC 36-3-1-7); and

(3) school corporations;

are considered to comprise one (1) civil taxing unit whose fiscal body is the fiscal body of the consolidated city.

(c) For purposes of subsection (d), the following amounts are referred to as the subsection (c) ratio:

Center Township	**.0251**
Decatur Township	**.00217**
Franklin Township	**.0023**
Lawrence Township	**.01177**
Perry Township	**.01130**

Pike Township	**.01865**
Warren Township	**.01359**
Washington Township	**.01346**
Wayne Township	**.01307**
Lawrence-City	**.00858**
Beech Grove	**.00845**
Southport	**.00025**
Speedway	**.00722**
Indianapolis/Marion County	**.86409**

(d) The distributive shares that each civil taxing unit in the county is entitled to receive during a month equals the total amount of revenues that are to be distributed as distributive shares during that month calculated as follows:

STEP ONE: Determine the total amount of revenues that were distributed as distributive shares during that month in calendar year 1995.

STEP TWO: Determine the total amount of revenue that the department has certified as distributive shares for that month under IC 6-3.6-6 for the calendar year.

STEP THREE: Subtract the STEP ONE result from the STEP TWO result.

STEP FOUR: If the STEP THREE result is less than or equal to zero (0), multiply the STEP TWO result by the applicable subsection (c) ratio for the civil taxing unit.

STEP FIVE: Determine the ratio of:

(A) the maximum permissible property tax levy under IC 6-1.1-18.5 for each civil taxing unit for the calendar year in which the month falls, plus, for a county, the welfare allocation amount; divided by

(B) the sum of the maximum permissible property tax levies under IC 6-1.1-18.5 for all civil taxing units of the county during the calendar year in which the month falls, and an amount equal to the welfare allocation amount.

STEP SIX: If the STEP THREE result is greater than zero (0), the STEP ONE amount shall be distributed by multiplying the STEP ONE amount by the subsection (c) ratio.

STEP SEVEN: For each taxing unit determine the STEP FIVE ratio multiplied by the STEP TWO amount.

STEP EIGHT: For each civil taxing unit determine the difference between the STEP SEVEN amount minus the product of the STEP ONE amount multiplied by the

subsection (c) ratio. The STEP THREE excess shall be distributed as provided in STEP NINE only to the civil taxing units that have a STEP EIGHT difference greater than or equal to zero (0).

STEP NINE: For the civil taxing units qualifying for a distribution under STEP EIGHT, each civil taxing unit's share equals the STEP THREE excess multiplied by the ratio of:

(A) the maximum permissible property tax levy under IC 6-1.1-18.5 for the qualifying civil taxing unit during the calendar year in which the month falls, plus, for a county, an amount equal to the welfare allocation amount; divided by

(B) the sum of the maximum permissible property tax levies under IC 6-1.1-18.5 for all qualifying civil taxing units of the county during the calendar year in which the month falls, and an amount equal to the welfare allocation amount.

SECTION 6. [EFFECTIVE JULY 1, 2015] **(a) The legislative council shall provide for the preparation and introduction of legislation in the 2016 session of the general assembly to correct cross-references and make other changes to the Indiana Code, as necessary, to bring provisions that are not added or amended by this act into conformity with this act.**

(b) This SECTION expires January 1, 2017.

SECTION 7. **An emergency is declared for this act.**

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1485, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Replace the effective dates in SECTIONS 1 through 4 with "[EFFECTIVE JANUARY 1, 2017]".

Replace the effective dates in SECTIONS 5 through 6 with "[EFFECTIVE JULY 1, 2015]".

Page 2, line 1, delete "2015," and insert "**2016,**".

Page 2, delete lines 2 through 36 and insert "**uniform law that transitions each county from the former taxes to the tax governed by this article without any change in purpose of the former taxes to the extent practicable. The intent is that the revenue from the taxes under this article shall be distributed and used as close as possible to the way the revenue was distributed and used under the former taxes until a county adopts an ordinance under this article to change the distribution and use of the revenue as permitted by this article.**

(b) The general assembly declares that the enactment of IC 6-3.6 is a simplification, recodification, and replacement, in the same or a restated form, of the procedures established for the imposition, collection, and distribution of the income taxes authorized under a former tax. The substantive operation and effect of the provisions of a former tax that are repealed and replaced, in the same or a restated form, by the provisions of this article, continue uninterrupted.

(c) Notwithstanding the effective date of the repeal of the former tax laws on January 1, 2017, an adopting body may not adopt any ordinances under a former tax after June 30, 2015. In addition, notwithstanding the effective date of this article being July 1, 2015, an adopting body may not take any action under this article before July 1, 2016.

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

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

(2) Categorize the tax rate under the former taxes into the appropriate tax rate or rates under this article to provide revenue for all the same purposes for which revenue under a former tax was used in 2016. The revenue shall be apportioned,

allocated, and distributed to taxing units, to the extent possible, in the same amounts, and be applied to those taxpayers in each property class that received any form of property tax relief in 2016 so that the benefits are received by the same property classes in the same proportionate amounts as in 2016. Matching the purposes of a former tax to the purposes under this article, including the apportionment, allocation, and distribution of revenue under this article shall be accomplished by using the best information available. These purposes include, but are not limited to, one (1) or more of the following:

(A) Property tax credits using the options set forth in IC 6-3.6-5, which categorization is to encompass all uses of the revenue under a former tax that provided any form of property tax relief, except for revenue used for a levy freeze described in IC 6-3.6-11, including the following purposes:

(i) Property tax replacement credits that applied to all classes of property, including part of the revenue categorized from the first twenty-five hundredths percent (0.25%) rate under the county adjusted gross income tax under IC 6-3.5-1.1 (repealed) for civil taxing units and school corporations using the attributed allocation amounts for civil taxing units and school corporations as those determinations were made under IC 6-3.5-1.1 (repealed).

(ii) Credits against property taxes that did not apply to all classes of property, such as homestead credits, credits on other types of residential property, or credits used to offset the exemption of inventory from property taxation.

(B) Special purpose revenue that is not covered by a special purpose rate under IC 6-3.6-7, such as revenue that must be dedicated to public safety or economic development.

(C) Certified shares without any restriction on the use of the revenue.

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

(e) The department of local government finance shall, if necessary, recalculate maximum permissible property tax levies and property tax rates for all taxing units to transition to the use of property tax credits as prescribed in this article.

(f) The office of management and budget shall compile a comprehensive report detailing for each taxing unit throughout the state and for each property class type described in IC 6-3.5-6, the

categorization of revenue and its uses under this article compared to the former taxes. Before November 1, 2015, the department shall submit its report to the legislative council in an electronic format under IC 5-14-6.

(g) The transition under this article shall be completed by August 1, 2016, for purposes of local government budgets for 2017.".

Page 3, line 2, delete "2015." and insert "**2016.**".

Page 3, line 11, delete "2015," and insert "**2016,**".

Page 3, line 12, delete "2015," and insert "**2016,**".

Page 3, line 14, delete "(a)".

Page 3, line 22, delete "2015," and insert "**2016,**".

Page 3, delete lines 24 through 28, begin a new paragraph and insert:

"**Sec. 5. A reference in a statute or rule to a statute that is repealed and replaced in the same or a different form in this article shall be treated after December 31, 2016, as a reference to the new provision.**".

Page 3, line 32, after "purpose." insert "**Notwithstanding the repeal of IC 6-3.5 and the enactment of this article, any pledge of revenues received from a tax imposed under any of the provisions of IC 6-3.5 (prior to its repeal) to the payment, in whole or in part, of:**

(1) the principal of and interest on bonds;

(2) lease rentals due under a lease; and

(3) the payment of any other obligation;

is binding and enforceable and remains in full force and effect as long as the principal of and interest on any bonds, the lease rentals due under any lease, or the payment of any obligation remains unpaid. The enactment of this article does not affect any rights, duties, obligations, proceedings, or liabilities accrued before January 1, 2017. Those rights, duties, obligations, proceedings, or liabilities continue and shall be imposed and enforced under prior law as if this article had not been enacted.".

Page 4, delete lines 5 through 24, begin a new paragraph and insert:

"**Sec. 9. Before August 2, 2016, the budget agency, with the assistance of the department of local government finance, shall certify to each county the income tax rates under this article, by tax rate category, as categorized by the office of management and budget under this chapter.**".

Page 4, line 25, delete "12." and insert "**10.**".

Page 8, line 1, delete "fund." and insert "**fund, plus, in the case of Marion County, thirty-five million dollars ($35,000,000).**".

Page 12, delete lines 8 through 13.

Page 13, line 35, delete "one percent (1%)" and insert "**two and**

five-tenths percent (2.5%)".

Page 13, delete line 42 and insert "**this section. 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 are not eligible for a credit under this section.**".

Page 14, delete lines 1 through 6.

Page 14, line 9, after "credits" insert "**in subsequent years. The ordinance must be adopted before July 1 and first applies in the following year and then thereafter until it is rescinded or modified. The property tax credits may be allocated**".

Page 14, between lines 16 and 17, begin a new line block indented and insert:

"**(3) For any of the following types of property as a single category:**

(A) Residential property, as defined in 6-1.1-20.6-4.

(B) Real property, a mobile home, and industrialized housing that would qualify as a homestead if the taxpayer had filed for a homestead credit under IC 6-1.1-20.9 (repealed) or the standard deduction under IC 6-1.1-12-37.

(C) Real property consisting of units that are regularly used to rent or otherwise furnish residential accommodations for periods of at least thirty (30) days, regardless of whether the tangible property is subject to assessment under rules of the department of local government finance that apply to:

(i) residential property; or

(ii) commercial property.".

Page 14, line 17, delete "(3)" and insert "**(4)**".

Page 14, delete lines 30 through 42.

Page 15, delete lines 1 through 38.

Page 15, line 42, after "county." insert "**The credit percentage may be, but does not have to be, uniform for all categories of property.**".

Page 16, line 7, delete "uniformly only".

Page 16, line 8, delete "(d)(3)" and insert "**(d)(4)**".

Page 16, line 11, delete "(d)(3)." and insert "**(d)(4).**".

Page 16, line 14, delete "(d)(2)." and insert "**(d)(3).**".

Page 16, line 17, delete "(d)(1)." and insert "**(d)(2).**".

Page 16, between lines 17 and 18, begin a new line block indented and insert:

"**(4) Fourth, if an excess remains after applying the reduction as described in subdivisions (1) through (3), against property taxes imposed on property described in subsection (d)(1).**".

Page 16, line 39, delete "two and five-tenths percent (2.5%)" and

insert "**one and twenty-five hundredths percent (1.25%)**".

Page 16, line 41, delete "two and seventy-five hundredths percent (2.75%)" and insert "**one and five-tenths percent (1.5%)**".

Page 17, line 22, after "allocated" insert "**in subsequent years. The ordinance must be adopted before July 1 and first applies in the following year and then thereafter until it is rescinded or modified. The revenue must be allocated**".

Page 18, line 29, delete "subsection" and insert "**IC 6-3.6-11,**".

Page 18, line 30, delete "(b),".

Page 18, line 38, before "municipality" insert "**county or**".

Page 18, line 40, after "by" insert "**the county and**".

Page 20, delete lines 36 through 38, begin a new line double block indented and insert:

"**(B) the population of the entire county.**".

Page 23, line 34, delete "." and insert "**other than Marion County.**".

Page 23, delete lines 39 through 42.

Page 24, line 1, delete "(3)" and insert "**(2)**".

Page 24, line 22, delete "(a) This section" and insert "**IC 6-3.6-11**".

Page 24, delete lines 24 through 42.

Page 25, delete lines 1 through 9.

Page 27, line 5, after "years." insert "**The adopting body shall provide a notice to the budget agency, the department of local government finance, and the department of state revenue specifying that the date for the termination of the tax rate has occurred.**".

Page 47, line 1, after "department" insert "**of state revenue**".

Page 47, line 2, delete ":" and insert "**of state revenue:**".

Page 53, line 40, after "highest" insert "**outstanding**".

Page 54, line 2, after "highest" insert "**outstanding**".

Page 60, between lines 1 and 2, begin a new paragraph and insert:

"**Chapter 11. Supplemental Allocation and Distribution Requirements**

Sec. 1. (a) This section applies to any county that imposed a former tax to provide for a levy freeze.

(b) The revenue used to offset the levy freeze shall be part of the tax rate under IC 6-3.6-5.

(c) The levy freeze amount prescribed by the adopting body shall continue to be applied under this article as it was applied under the former tax until an adopting body adopts an ordinance:

(1) that fixes the levy freeze amount as of a certain date as permitted under the former tax; or

(2) provides that the levy freeze no longer applies.

(d) The levy freeze, levy amounts, and income tax distributions shall be administered in the same manner as under the former tax. The distributions of income tax shall be made before applying the property tax credits funded by a tax rate under IC 6-3.6-5.

Sec. 2. (a) This section applies to Jasper County's allocation of property tax credits provided by a tax rate under IC 6-3.6-5.

(b) 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.

Sec. 3. (a) This section applies to Lake County's categorizations, allocations, and distributions under IC 6-3.6-5.

(b) The rate under the former tax in Lake County that was used for any of the following shall be categorized under IC 6-3.6-5 and used for the following:

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

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

(A) 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 be used only to provide a local property tax credit against property taxes imposed by that municipality.

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

(3) To provide property tax credits in the following manner:

(A) Sixty percent (60%) of the tax revenue shall be used as provided in subdivision (2).

(B) Forty percent (40%) of the tax revenue shall be used to provide property tax replacement credits against property tax levies of the county and each township and municipality in the county. The percentage of the tax revenue distributed under this item that shall be used as credits against the county's levies or against a particular township's or municipality's levies is equal to the percentage determined by dividing the population of the county, township, or municipality by the sum of the total population of the county, each township in the county, and each municipality in the county.

The Lake County council shall determine whether the credits under subdivision (1), (2), or (3) shall be provided to homesteads, to all qualified residential property, or to all taxpayers. The department of local government finance, with the assistance of the budget agency, shall certify to the county auditor and the fiscal body of the county and each township and municipality in the county the amount of property tax credits under this subdivision. The tax revenue under this section that is used to provide credits under this subdivision shall be treated for all purposes as property tax levies but shall not be considered for purposes of computing the maximum permissible property tax levy under IC 6-1.1-18.5-3 or the credit under IC 6-1.1-20.6.

Sec. 4. (a) This section applies to Marion County's allocation of the tax revenue under IC 6-3.6-6 that is dedicated to public safety.

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

Sec. 5. (a) This section applies to Marion County's allocation of the tax revenue under IC 6-3.6-6 that is dedicated to certified shares.

(b) The consolidated city, the county, all special taxing districts, special service districts, included towns (as defined in IC 36-3-1-7), and all other political subdivisions except:

(1) townships;

(2) excluded cities (as defined in IC 36-3-1-7); and

(3) school corporations;

are considered to comprise one (1) civil taxing unit whose fiscal body is the fiscal body of the consolidated city.

(c) For purposes of subsection (d), the following amounts are

referred to as the subsection (c) ratio:

Center Township	**.0251**
Decatur Township	**.00217**
Franklin Township	**.0023**
Lawrence Township	**.01177**
Perry Township	**.01130**
Pike Township	**.01865**
Warren Township	**.01359**
Washington Township	**.01346**
Wayne Township	**.01307**
Lawrence-City	**.00858**
Beech Grove	**.00845**
Southport	**.00025**
Speedway	**.00722**
Indianapolis/Marion County	**.86409**

(d) The distributive shares that each civil taxing unit in the county is entitled to receive during a month equals the total amount of revenues that are to be distributed as distributive shares during that month calculated as follows:

STEP ONE: Determine the total amount of revenues that were distributed as distributive shares during that month in calendar year 1995.

STEP TWO: Determine the total amount of revenue that the department has certified as distributive shares for that month under IC 6-3.6-6 for the calendar year.

STEP THREE: Subtract the STEP ONE result from the STEP TWO result.

STEP FOUR: If the STEP THREE result is less than or equal to zero (0), multiply the STEP TWO result by the applicable subsection (c) ratio for the civil taxing unit.

STEP FIVE: Determine the ratio of:

(A) the maximum permissible property tax levy under IC 6-1.1-18.5 for each civil taxing unit for the calendar year in which the month falls, plus, for a county, the welfare allocation amount; divided by

(B) the sum of the maximum permissible property tax levies under IC 6-1.1-18.5 for all civil taxing units of the county during the calendar year in which the month falls, and an amount equal to the welfare allocation amount.

STEP SIX: If the STEP THREE result is greater than zero (0), the STEP ONE amount shall be distributed by multiplying the STEP ONE amount by the subsection (c)

ratio.

STEP SEVEN: For each taxing unit determine the STEP FIVE ratio multiplied by the STEP TWO amount.

STEP EIGHT: For each civil taxing unit determine the difference between the STEP SEVEN amount minus the product of the STEP ONE amount multiplied by the subsection (c) ratio. The STEP THREE excess shall be distributed as provided in STEP NINE only to the civil taxing units that have a STEP EIGHT difference greater than or equal to zero (0).

STEP NINE: For the civil taxing units qualifying for a distribution under STEP EIGHT, each civil taxing unit's share equals the STEP THREE excess multiplied by the ratio of:

(A) the maximum permissible property tax levy under IC 6-1.1-18.5 for the qualifying civil taxing unit during the calendar year in which the month falls, plus, for a county, an amount equal to the welfare allocation amount; divided by

(B) the sum of the maximum permissible property tax levies under IC 6-1.1-18.5 for all qualifying civil taxing units of the county during the calendar year in which the month falls, and an amount equal to the welfare allocation amount.".

and when so amended that said bill do pass.

(Reference is to HB 1485 as introduced.)

BROWN T

Committee Vote: yeas 19, nays 0.