February 26, 2016

ENGROSSED
SENATE BILL No. 308

DIGEST OF SB 308 (Updated February 25, 2016 12:30 pm - DI 58)

Citations Affected: IC 6-1.1; IC 6-3.6; IC 36-2; IC 36-7; noncode.

Synopsis: Property tax matters. Specifies that the agricultural land base rate is $2,050 for the January 1, 2016, assessment date. Provides that after 2016, the agricultural land base rate is the lesser of the formula base rate or the previous year base rate increased by 1%. Requires the department of local government finance (DLGF) when calculating the rolling average to use the six most recent years preceding the year in which the assessment date occurs for which data is available (before the highest of those six years is eliminated).Specifies that the soil productivity factors used for the March 1, 2011, assessment date shall be used for the January 1, 2016, assessment date and thereafter. (Under current law, new soil productivity factors are to be used for assessment dates occurring after

(Continued next page)

Effective: Upon passage; January 1, 2008 (retroactive); January 1, 2016 (retroactive); July 1, 2016; January 1, 2017.

Hershman, Bassler, Perfect, Charbonneau, Leising, Houchin, Raatz, Niemeyer, Tomes

(HOUSE SPONSORS — BROWN T, LEHE, CHERRY, THOMPSON)

January 7, 2016, read first time and referred to Committee on Tax & Fiscal Policy.
January 21, 2016, amended, reported favorably — Do Pass.
January 28, 2016, read second time, amended, ordered engrossed.
January 29, 2016, engrossed.
February 1, 2016, read third time, passed. Yeas 50, nays 0.

HOUSE ACTION

February 9, 2016, read first time and referred to Committee on Ways and Means.
February 25, 2016, amended, reported — Do Pass.

Digest Continued

March 1, 2015.) Repeals provisions enacted in 2015 concerning the assessment of: (1) certain limited market or special purpose property; and (2) commercial nonincome producing real property. Provides that in addition to the factors under current law, the DLGF shall also provide for the classification of improvements on the basis of market segmentation for certain properties. Provides that true tax value shall be determined under the rules of the DLGF (subject to the provisions of the property tax article), and that the DLGF's rules may include examples to illustrate true tax value. Specifies that true tax value does not mean the value of the property to the user. Increases the assessed value per acre of classified forest land, classified windbreaks, and classified filter strips from $1 per acre to $13.29 per acre for the January 1, 2017, assessment date. For assessment dates after January 1, 2017, increases the assessed value by the annual percentage change in the consumer price index. Adds certain types of property to the exemption for property used for public airport purposes. Permits a heritage barn to be used for business or agricultural purposes and remain exempt from property taxes. Authorizes a county fiscal body to adopt an ordinance to capture taxes from all taxing units in a taxing district when there is an appeal that is uncommon and infrequent. Provides an exemption from the maximum property tax levy limits for municipalities having a population of at least 20,000 if the municipality experiences growth in assessed value and population. Urges a study of the topic of allowing an exemption from the maximum levy limits for growing municipalities by the interim study committee on fiscal policy. Permits the fiscal body of Howard Township in Washington County to adopt a resolution to authorize the township executive to request that the department of local government finance (DLGF) increase the township's maximum permissible property tax levy for 2017 and thereafter. Permits a county fiscal body to impose a local income tax (LIT) rate for a public safety emergency assistance answering point that is part of the statewide 911 system (PSAP) if the adopting body in the county is the LIT council and the LIT council has not allocated the revenue from an expenditure rate of at least 0.1% to a PSAP in the county. Specifies that the rate may not exceed 0.1%. Specifies that the revenue generated by the rate is to be paid only to the county unit and used only for a PSAP. Allows a county to use excess reserves in its prisoner reimbursement fund for the costs of care, maintenance, and housing of prisoners, including the cost of housing prisoners in the facilities of another county. Expires under the tax increment financing law the downtown Indianapolis consolidated allocation area on January 1, 2046. Provides certain property taxpayers a right to file for a property tax exemption if the property would have qualified for the exemption if an exemption application had been timely filed.

February 26, 2016

Second Regular Session 119th General Assembly (2016)

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 2015 Regular Session of the General Assembly.

ENGROSSED
SENATE BILL No. 308

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 6-1.1-4-4.5, AS AMENDED BY P.L.112-2012, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2017]: Sec. 4.5. (a) The department of local government finance shall adopt rules establishing a system for annually adjusting the assessed value of real property to account for changes in value in those years since a reassessment under section 4 or 4.2 of this chapter for the property last took effect.

(b) Subject to subsection (e), the system must be applied to adjust assessed values beginning with the 2006 assessment date and each year thereafter that is not a year in which a reassessment under section 4 or 4.2 of this chapter for the property becomes effective.

(c) The rules adopted under subsection (a) must include the following characteristics in the system:

(1) Promote uniform and equal assessment of real property within and across classifications.

(2) Require that assessing officials:

(A) reevaluate the factors that affect value;

(B) express the interactions of those factors mathematically;

(C) use mass appraisal techniques to estimate updated property values within statistical measures of accuracy; and

(D) provide notice to taxpayers of an assessment increase that results from the application of annual adjustments.

(3) Prescribe procedures that permit the application of the adjustment percentages in an efficient manner by assessing officials.

(d) The department of local government finance must review and certify each annual adjustment determined under this section.

(e) In making the annual determination of the base rate to satisfy the requirement for an annual adjustment under subsection (c) for ~~current property taxes first due and payable in 2011~~ **the January 1, 2017, assessment date** and **each assessment date** thereafter, the department of local government finance shall determine the base rate using the methodology reflected in Table 2-18 of Book 1, Chapter 2 of the department of local government finance's Real Property Assessment Guidelines (as in effect on January 1, 2005), except that the department shall adjust the methodology ~~to~~ **as follows:**

(1) Use a six (6) year rolling average adjusted under subdivision ~~(2)~~ **(3)** instead of a four (4) year rolling average. ~~and~~

(2) Use the data from the six (6) most recent years preceding the year in which the assessment date occurs for which data is available, before one (1) of those six (6) years is eliminated under subdivision (3) when determining the rolling average.

~~(2)~~ **(3)** Eliminate in the calculation of the rolling average the year among the six (6) years for which the highest market value in use of agricultural land is determined.

(4) Use the lesser of:

(A) the base rate determined after applying subdivisions (1) through (3); or

(B) the base rate for the previous year increased by one percent (1%).

(f) For assessment dates after December 31, 2009, an adjustment in the assessed value of real property under this section shall be based on the estimated true tax value of the property on the assessment date that is the basis for taxes payable on that real property.

SECTION 2. IC 6-1.1-4-13, AS AMENDED BY P.L.249-2015, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016 (RETROACTIVE)]: Sec. 13. (a) In assessing or

reassessing land, the land shall be assessed as agricultural land only when it is devoted to agricultural use.

(b) For purposes of this section, and in addition to any other land considered devoted to agricultural use, any:

(1) land enrolled in:

(A) a land conservation or reserve program administered by the United States Department of Agriculture;

(B) a land conservation program administered by the United States Department of Agriculture's Farm Service Agency; or

(C) a conservation reserve program or agricultural easement program administered by the United States Department of Agriculture's National Resources Conservation Service;

(2) land enrolled in the department of natural resources' classified forest and wildlands program (or any similar or successor program);

(3) land classified in the category of other agriculture use, as provided in the department of local government finance's real property assessment guidelines; or

(4) land devoted to the harvesting of hardwood timber;

is considered to be devoted to agricultural use. Agricultural use for purposes of this section includes but is not limited to the uses included in the definition of "agricultural use" in IC 36-7-4-616(b), such as the production of livestock or livestock products, commercial aquaculture, equine or equine products, land designated as a conservation reserve plan, pastureland, poultry or poultry products, horticultural or nursery stock, fruit, vegetables, forage, grains, timber, trees, bees and apiary products, tobacco, other agricultural crops, general farming operation purposes, native timber lands, or land that lays fallow. Agricultural use may not be determined by the size of a parcel or size of a part of the parcel. This subsection does not affect the assessment of any real property assessed under IC 6-1.1-6 (assessment of certain forest lands), IC 6-1.1-6.2 (assessment of certain windbreaks), or IC 6-1.1-6.7 (assessment of filter strips).

(c) The department of local government finance shall give written notice to each county assessor of:

(1) the availability of the United States Department of Agriculture's soil survey data; and

(2) the appropriate soil productivity factor for each type or classification of soil shown on the United States Department of Agriculture's soil survey map.

All assessing officials and the property tax assessment board of appeals shall use the data in determining the true tax value of agricultural land.

However, notwithstanding the availability of new soil productivity factors and the department of local government finance's notice of the appropriate soil productivity factor for each type or classification of soil shown on the United States Department of Agriculture's soil survey map for the March 1, 2012, assessment date, the soil productivity factors used for the March 1, 2011, assessment date shall be used for the ~~March 1, 2012,~~ **January 1, 2016,** assessment date ~~the March 1, 2013, assessment date, the March 1, 2014, assessment date, and the March 1, 2015, assessment date. New soil productivity factors shall be used for assessment dates occurring after March 1, 2015.~~ **and each assessment date thereafter.**

(d) The department of local government finance shall by rule provide for the method for determining the true tax value of each parcel of agricultural land.

(e) This section does not apply to land purchased for industrial or commercial uses.

SECTION 3. IC 6-1.1-4-13.2, AS ADDED BY P.L.249-2015, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13.2. Notwithstanding the provisions of this chapter and any real property assessment guidelines of the department of local government finance, for the property tax assessment of agricultural land for the 2015 **and 2016** assessment ~~date,~~ **dates,** the statewide agricultural land base rate value per acre used to determine the value of agricultural land is two thousand fifty dollars ($2,050). ~~For the 2016 assessment date, and each assessment date thereafter, the statewide agricultural land base rate value per acre is equal to:~~

~~(1) the base rate value for the immediately preceding assessment date; multiplied by~~

~~(2) the assessed value growth quotient determined under IC 6-1.1-18.5-2 in the year including the assessment date.~~

This amount shall be substituted for any agricultural land base rate value included in the Real Property Assessment Guidelines or any other guidelines of the department of local government finance that apply for those assessment dates.

SECTION 4. IC 6-1.1-4-43 IS REPEALED [EFFECTIVE JANUARY 1, 2016 (RETROACTIVE)]. ~~Sec. 43. (a) This section applies to a real property assessment for:~~

~~(1) the 2014 assessment date and assessment dates thereafter; and~~

~~(2) real property that is:~~

~~(A) a limited market or special purpose property that would commonly be regarded as a big box retail building under standard appraisal practices and is at least fifty thousand~~

~~(50,000) square feet; and~~

~~(B) occupied by the original owner or by a tenant for which the improvement was built.~~

~~(b) This section does not to apply to the assessment of multi-tenant income producing shopping centers (as defined by the Appraisal Institute Dictionary of Real Estate Appraisal (5th Edition)).~~

~~(c) In determining the true tax value of real property under this section which has improvements with an effective age is ten (10) years or less under the rules of the department, assessing officials shall apply the cost approach, less depreciation and obsolescence under the rules and guidelines of the department. For purposes of this subsection, the land value shall be assessed separately. The assessed value of the land underlying the improvements assessed under this section may be assessed or challenged based on the market value of comparable land.~~

~~(d) This subsection applies to a taxpayer that files a notice under IC 6-1.1-15 after April 30, 2015, requesting a review of the assessment of the taxpayer's real property that is subject to this section. If the effective age of the improvements is ten (10) years or less under the rules of the department, a taxpayer must provide to the appropriate county or township assessing official information concerning the actual construction costs for the real property. Notwithstanding IC 6-1.1-15, if a taxpayer does not provide all relevant and reasonably available information concerning the actual construction costs for the real property before the hearing scheduled by the county property tax assessment board of appeals regarding the assessment of the real property, the appeal may not be reviewed until all the information is provided. If a taxpayer does provide the information concerning the actual construction costs for the real property and the construction costs for the real property are greater than the cost values determined by using the cost tables under the rules and guidelines of the department of local government finance, then the for purposes of applying the cost approach under subsection (b) or (c) the depreciation and obsolescence shall be deducted from the construction costs rather than the than the cost values determined by using the cost tables under the rules and guidelines of the department of local government finance.~~

SECTION 5. IC 6-1.1-4-44 IS REPEALED [EFFECTIVE JANUARY 1, 2016 (RETROACTIVE)]. ~~Sec. 44. (a) This section applies to a real property assessment of commercial nonincome producing real property, including a sale-leaseback property, for:~~

~~(1) the 2014 assessment date and assessment dates thereafter; or~~

~~(2) any assessment date, if an assessment appeal is pending before the county property tax assessment board of appeals or the board~~

~~of tax review.~~

~~(b) This section does not to apply to the assessment of multi-tenant income producing shopping centers (as defined by the Appraisal Institute Dictionary of Real Estate Appraisal (5th Edition)).~~

~~(c) As used in this section, "sale-leaseback" means a transaction in which one (1) party sells a property to a buyer, and the buyer leases the property back to the seller.~~

~~(d) In determining the true tax value of real property under this section which has improvements with an effective age of ten (10) years or less under the rules of the department, a comparable real property sale may not be used if the comparable real property:~~

~~(1) has been vacant for more than one (1) year as of the assessment date or in the case of industrial property vacant for more than five (5) years;~~

~~(2) has significant restrictions placed on the use of the real property by a recorded covenant, restriction, easement, or other encumbrance on the use of the real property;~~

~~(3) was sold and is no longer used for the purpose, or a similar purpose, for which the property was used by the original occupant or tenant; or~~

~~(4) was not sold in an arm's length transaction.~~

SECTION 6. IC 6-1.1-6-14, AS AMENDED BY P.L.66-2006, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 14. Land which is classified under this chapter as native forest land, a forest plantation, or wildlands shall be assessed **as follows:**

(1) At ~~one dollar ($1)~~ **thirteen dollars and twenty-nine cents ($13.29)** per acre for general property taxation purposes, **for the January 1, 2017, assessment date.**

(2) At the amount per acre determined in the following STEPS for general property taxation purposes, for an assessment date after January 1, 2017:

STEP ONE: Determine the amount per acre under this section for the immediately preceding assessment date.

STEP TWO: Multiply the STEP ONE amount by the result of:

(A) one (1); plus

(B) the annual percentage change in the Consumer Price Index for All Urban Consumers published by the federal Bureau of Labor Statistics for the calendar year preceding the calendar year before the assessment date.

SECTION 7. IC 6-1.1-6.2-9 IS AMENDED TO READ AS

FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 9. **(a)** Land that is classified under this chapter as a windbreak shall be assessed **as follows:**

(1) At ~~one dollar ($1)~~ **thirteen dollars and twenty-nine cents ($13.29)** per acre for general property taxation purposes, **for the January 1, 2017, assessment date.**

(2) At the amount per acre determined in the following STEPS for general property taxation purposes, for an assessment date after January 1, 2017:

STEP ONE: Determine the amount per acre under this section for the immediately preceding assessment date.

STEP TWO: Multiply the STEP ONE amount by the result of:

(A) one (1); plus

(B) the annual percentage change in the Consumer Price Index for All Urban Consumers published by the federal Bureau of Labor Statistics for the calendar year preceding the calendar year before the assessment date.

(b) ~~However,~~ **Notwithstanding subsection (a),** ditch assessments on the classified land shall be paid.

SECTION 8. IC 6-1.1-6.7-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 9. **(a)** Land that is classified under this chapter as a filter strip shall be assessed **as follows:**

(1) At ~~one dollar ($1)~~ **thirteen dollars and twenty-nine cents ($13.29)** per acre for general property taxation purposes, **for the January 1, 2017, assessment date.**

(2) At the amount per acre determined in the following STEPS for general property taxation purposes, for an assessment date after January 1, 2017:

STEP ONE: Determine the amount per acre under this section for the immediately preceding assessment date.

STEP TWO: Multiply the STEP ONE amount by the result of:

(A) one (1); plus

(B) the annual percentage change in the Consumer Price Index for All Urban Consumers published by the federal Bureau of Labor Statistics for the calendar year preceding the calendar year before the assessment date.

(b) ~~However,~~ **Notwithstanding subsection (a),** ditch assessments on the classified land shall be paid.

SECTION 9. IC 6-1.1-10-15, AS AMENDED BY P.L.119-2012,

SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 15. (a) The acquisition and improvement of land for use by the public as an airport and the maintenance of commercial passenger aircraft is a municipal purpose regardless of whether the airport or maintenance facility is owned or operated by a municipality. The owner of any airport located in this state, who holds a valid and current public airport certificate issued by the Indiana department of transportation, may claim an exemption for only so much of the land as is reasonably necessary to and used for public airport purposes. A person maintaining commercial passenger aircraft in a county having a population of:

(1) more than two hundred fifty thousand (250,000) but less than two hundred seventy thousand (270,000); or

(2) more than three hundred thousand (300,000) but less than four hundred thousand (400,000);

may claim an exemption for commercial passenger aircraft not subject to the aircraft excise tax under IC 6-6-6.5 that is being assessed under this article, if it is located in the county only for the purposes of maintenance.

(b) The exemption provided by this section is noncumulative and applies only to property that would not otherwise be exempt. Nothing contained in this section applies to or affects any other tax exemption provided by law.

(c) As used in this section, "land used for public airport purposes" includes the following:

(1) That part of airport land used for the taking off or landing of aircraft, taxiways, runway and taxiway lighting, access roads, auto and aircraft parking areas, and all buildings providing basic facilities for the traveling public.

(2) Real property owned by the airport owner and used ~~directly~~ for airport operation and maintenance purposes, **which includes the following property:**

(A) Leased property.

(B) Runway protection zones.

(C) Avigation easements.

(D) Safety and transition areas, as specified in IC 8-21-10 concerning the regulation of tall structures and 14 CFR Part 77 concerning the safe, efficient use and preservation of the navigable airspace.

(E) Land purchased using funds that include grant money provided by the Federal Aviation Administration or the Indiana department of transportation.

(3) Real property used in providing for the shelter, storage, or care of aircraft, including hangars.

(4) Housing for weather and signaling equipment, navigational aids, radios, or other electronic equipment.

The term does not include land areas used solely for purposes unrelated to aviation.

SECTION 10. IC 6-1.1-12-26.2, AS ADDED BY P.L.117-2014, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 26.2. (a) The following definitions apply throughout this section:

(1) "Barn" means a building (other than a dwelling) that was designed to be used for:

(A) housing animals;

(B) storing or processing crops;

(C) storing and maintaining agricultural equipment; or

(D) serving an essential or useful purpose related to agricultural activities conducted on the adjacent land.

(2) "Heritage barn" means a barn that on the assessment date:

(A) was constructed before 1950; **and**

(B) retains sufficient integrity of design, materials, and construction to clearly identify the building as a barn.

~~(C) is not being used for agricultural purposes in the operation of an agricultural enterprise; and~~

~~(D) is not being used for a business purpose.~~

(3) "Eligible applicant" means:

(A) an owner of a heritage barn; or

(B) a person that is purchasing property, including a heritage barn, under a contract that:

(i) gives the person a right to obtain title to the property upon fulfilling the terms of the contract;

(ii) does not permit the owner to terminate the contract as long as the person buying the property complies with the terms of the contract;

(iii) specifies that during the term of the contract the person must pay the property taxes on the property; and

(iv) has been recorded with the county recorder.

(b) An eligible applicant is entitled to a deduction against the assessed value of the structure and foundation of a heritage barn beginning with assessments after 2014. The deduction is equal to one hundred percent (100%) of the assessed value of the structure and foundation of the heritage barn.

(c) An eligible applicant that desires to obtain the deduction

provided by this section must file a certified deduction application with the auditor of the county in which the heritage barn is located. The application may be filed in person or by mail. The application must contain the information and be in the form prescribed by the department of local government finance. If mailed, the mailing must be postmarked on or before the last day for filing.

(d) Subject to subsection (e) and section 45 of this chapter, the application must be filed during the year preceding the year in which the deduction will first be applied. Upon verification of the application **and that the barn was constructed before 1950** by the county assessor of the county in which the property is subject to assessment or by the township assessor of the township in which the property is subject to assessment (if there is a township assessor for the township), the auditor of the county shall allow the deduction.

(e) The auditor of a county shall, in a particular year, apply the deduction provided under this section to the heritage barn of the owner that received the deduction in the preceding year unless the auditor of the county determines that the property is no longer eligible for the deduction **because the barn was not constructed before 1950.** A person that receives a deduction under this section in a particular year and that remains eligible for the deduction in the following year is not required to file an application for the deduction in the following year. A person that receives a deduction under this section in a particular year and that becomes ineligible for the deduction in the following year shall notify the auditor of the county in which the property is located of the ineligibility in the year in which the person becomes ineligible. A deduction under this section terminates following a change in ownership of the heritage barn. However, a deduction under this section does not terminate following the removal of less than all the joint owners of property or purchasers of property under a contract described in subsection (a).

(f) A county fiscal body may adopt an ordinance to require a person receiving the deduction under this section to pay an annual public safety fee for each heritage barn for which the person receives a deduction under this section. The fee may not exceed fifty dollars ($50). The county auditor shall distribute any public safety fees collected under this section equitably among the police and fire departments in whose territories each heritage barn is located. If a county fiscal body adopts an ordinance under this subsection, the county fiscal body shall furnish a copy of the ordinance to the department in the manner prescribed by the department.

SECTION 11. IC 6-1.1-15-10.7 IS ADDED TO THE INDIANA

CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 10.7. (a) The county fiscal body may adopt an ordinance to provide that the county assessor be reimbursed for certain costs incurred by the county assessor in defending an appeal under this chapter that is uncommon and infrequent in the normal course of defending appeals under this chapter. Costs include appraisal and expert witness fees incurred in defending an appeal.**

(b) The ordinance must specify:

(1) the appeal or appeals and why they are uncommon and infrequent;

(2) a detailed list of expenses incurred by fund and by parcel number; and

(3) that the county auditor will deduct the expenses listed in the ordinance from property tax receipts collected in the taxing district in which the parcel is located before apportioning receipts to taxing units for the next semiannual settlement under IC 6-1.1-27.

(c) Property tax receipts that are collected under this section must be deposited in the county fund that incurred the initial expense.

SECTION 12. IC 6-1.1-18.5-25 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 25. (a) The ad valorem property tax levy limits imposed under section 3 of this chapter do not apply to a municipality in a year if all of the following apply:**

(1) The percentage growth in the municipality's assessed value for the preceding year compared to the year before the preceding year is at least two (2) times the statewide average assessed value growth quotient determined under section 2 of this chapter for the preceding year.

(2) The municipality had a population of at least twenty thousand (20,000).

(3) The municipality's population increased by at least two hundred percent (200%) between the last two (2) decennial censuses.

(b) A municipality that meets all of the requirements under subsection (a) may increase its ad valorem property tax levy in excess of the limits imposed under section 3 of this chapter by a percentage equal to the lesser of:

(1) the percentage growth in the municipality's assessed value for the preceding year compared to the year before the

preceding year; or

(2) six percent (6%).

(c) A municipality's assessed value growth that results from either annexation or the pass through of assessed value from a tax increment financing district may not be included for the purposes of determining a municipality's assessed value growth under this section.

(d) This section applies to property tax levies imposed after December 31, 2016.

SECTION 13. IC 6-1.1-18.5-26 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 26. (a) This section applies to Howard Township in Washington County.**

(b) If the township fiscal body adopts a resolution:

(1) setting forth a finding that the township's maximum permissible ad valorem property tax levy needs to be increased in excess of the limitations established under section 3 of this chapter; and

(2) approving the submission of a petition by the township executive with the department;

the township executive may submit a petition to the department requesting an increase in the township's maximum permissible ad valorem property tax levy.

(c) If the executive of a township submits a petition under subsection (b), it must be on a form prescribed by the department. If a proper petition is submitted, the department shall increase the township's maximum permissible ad valorem property tax levy for property taxes first due and payable in 2017 by an amount equal to the lesser of the following:

(1) The amount determined by the department to be necessary for the township to carry out the governmental functions committed to it by law.

(2) The amount that represents a ten percent (10%) increase in the township's 2016 maximum permissible ad valorem property tax levy.

(d) The township's 2017 maximum permissible ad valorem property tax levy, after the increase made under this section, is to be used in determining the township's previous year maximum permissible ad valorem property tax levy for the determination under this chapter of the township's maximum permissible ad valorem property tax levy after 2017.

(e) This section expires January 1, 2019.

SECTION 14. IC 6-1.1-31-6, AS AMENDED BY P.L.154-2006, SECTION 52, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016 (RETROACTIVE)]: Sec. 6. (a) With respect to the assessment of real property, the rules of the department of local government finance shall provide for:

(1) the classification of land on the basis of:

~~(i)~~ **(A)** acreage;

~~(ii)~~ **(B)** lots;

~~(iii)~~ **(C)** size;

~~(iv)~~ **(D)** location;

~~(v)~~ **(E)** use;

~~(vi)~~ **(F)** productivity or earning capacity;

~~(vii)~~ **(G)** applicable zoning provisions;

~~(viii)~~ **(H)** accessibility to highways, sewers, and other public services or facilities; and

~~(ix)~~ **(I)** any other factor that the department determines by rule is just and proper; and

(2) the classification of improvements on the basis of:

~~(i)~~ **(A)** size;

~~(ii)~~ **(B)** location;

~~(iii)~~ **(C)** use;

~~(iv)~~ **(D)** type and character of construction;

~~(v)~~ **(E)** age;

~~(vi)~~ **(F)** condition;

~~(vii)~~ **(G)** cost of reproduction; ~~and~~

(H) market segmentation; and

~~(viii)~~ **(I)** any other factor that the department determines by rule is just and proper.

(b) With respect to the assessment of real property, the rules of the department of local government finance shall include instructions for determining:

(1) the proper classification of real property;

(2) the size of real property;

(3) the effects that location and use have on the value of real property;

(4) the productivity or earning capacity of:

(A) agricultural land; and

(B) real property regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more;

(5) sales data for generally comparable properties; and

(6) the true tax value of real property based on the factors listed

in this subsection and any other factor that the department determines by rule is just and proper.

(c) With respect to the assessment of real property, true tax value does not mean fair market value. ~~Subject to this article, true tax value is the value determined under the rules of the department of local government finance.~~

(d) With respect to the assessment of an improved property, a valuation does not reflect the true tax value of the improved property if the purportedly comparable sale properties supporting the valuation have a different market or submarket than the current use of the improved property, based on a market segmentation analysis. Any market segmentation analysis must be conducted in conformity with generally accepted appraisal principles and is not limited to the categories of markets and submarkets enumerated in the rules or guidance materials adopted by the department of local government finance.

(e) True tax value does not mean the value of the property to the user.

(f) Subject to this article, true tax value shall be determined under the rules of the department of local government finance. The department's rules may include examples to illustrate true tax value.

SECTION 15. IC 6-3.6-2-13.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 13.5. "PSAP" means a PSAP (as defined in IC 36-8-16.7-20) that is part of the statewide 911 system (as defined in IC 36-8-16.7-22).**

SECTION 16. IC 6-3.6-3-1, AS ADDED BY P.L.243-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: 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.

(3) The county fiscal body for purposes of adopting a rate dedicated to paying for a PSAP in the county as permitted by IC 6-3.6-6-2.5.

(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.

SECTION 17. IC 6-3.6-6-2.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 2.5. (a) This section applies to a county in which the adopting body:**

(1) is the local income tax council; and

(2) did not allocate the revenue under this chapter from an expenditure rate of at least one-tenth of one percent (0.1%) to pay for a PSAP in the county for a year.

(b) A county fiscal body may adopt an ordinance to impose a tax rate for a PSAP in the county. The tax rate must be in increments of one-hundredth of one percent (0.01%) and may not exceed one-tenth of one percent (0.1%).

(c) The revenue generated by a tax rate imposed under this section must be distributed directly to the county before the remainder of the expenditure rate revenue is distributed. The revenue shall be maintained in a separate dedicated county fund and used only for paying for a PSAP in the county.

SECTION 18. IC 6-3.6-6-3, AS ADDED BY P.L.243-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 3. Revenue raised from a tax imposed under this chapter shall be treated as follows:

(1) If an ordinance described in section 2.5 of this chapter is in effect in a county, to make a distribution to the county equal to the amount of revenue generated by the rate imposed under section 2.5 of this chapter.

~~(1)~~ **(2) After making the distribution described in subdivision (1), if any,** to make distributions to school corporations and civil taxing units in counties that formerly imposed a tax under IC 6-3.5-1.1. The revenue categorized from the ~~first~~ **next** twenty-five hundredths percent (0.25%) of the rate for a former tax adopted under IC 6-3.5-1.1 shall be allocated to school corporations and civil taxing units. The amount of the allocation to a school corporation or civil taxing unit shall be determined using the allocation amounts for civil taxing units and school corporations in the determination.

~~(2)~~ **(3) After making the distributions described in subdivisions (1) and (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.

SECTION 19. IC 6-3.6-6-11, AS ADDED BY P.L.243-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 11. (a) Except as provided in this chapter and IC 6-3.6-11, 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. The distributions to school corporations and civil taxing units in counties that formerly imposed a tax under IC 6-3.5-1.1 as provided in section ~~3(1)~~ **3(2)** of this chapter is not considered an allocation of certified shares. A school corporation's allocation amount for purposes of section ~~3(1)~~ **3(2)** of this chapter shall be determined under section 12 of 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.

SECTION 20. IC 6-3.6-6-12, AS ADDED BY P.L.243-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 12. (a) Except as provided in this chapter and IC 6-3.6-11, 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 plus the amount distributed under section ~~3(1)~~ **3(2)** of this chapter 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.

SECTION 21. IC 6-3.6-6-20, AS ADDED BY P.L.243-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 20. (a) This section applies to any allocation or distribution of revenue under section ~~3(1) or~~ 3(2) **or 3(3)** of this chapter that is made on the basis of property tax levies. If a school corporation or civil taxing unit of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which revenue under section ~~3(1) or~~ 3(2) **or 3(3)** of this chapter is being allocated or distributed, that school corporation or civil taxing unit is entitled to receive a part of the revenue under section ~~3(1) or~~ 3(2) **or 3(3)** of this chapter (as appropriate) to be distributed within the county. The fractional amount that such a school corporation or civil taxing unit is entitled to receive each month during that calendar year equals the product of the following:

(1) The amount of revenue under section ~~3(1) or~~ 3(2) **or 3(3)** of this chapter to be distributed on the basis of property tax levies during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the budget of that school corporation or civil taxing unit for that calendar year. The denominator of the fraction equals the aggregate budgets of all school corporations or civil taxing units of that county for that calendar year.

(b) If for a calendar year a school corporation or civil taxing unit is allocated a part of a county's revenue under section ~~3(1) or~~ 3(2) **or 3(3)** of this chapter by subsection (a), the calculations used to determine the shares of revenue of all other school corporations and civil taxing units under section ~~3(1) or~~ 3(2) **or 3(3)** of this chapter (as appropriate) shall be changed each month for that same year by reducing the amount of revenue to be distributed by the amount of revenue under section ~~3(1) or~~ 3(2) **or 3(3)** of this chapter allocated under subsection (a) for that same month. The department of local government finance shall make any adjustments required by this subsection and provide them to the appropriate county auditors.

SECTION 22. IC 6-3.6-9-10, AS ADDED BY P.L.243-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: 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, **separately stating the part of the distribution attributable to a tax rate imposed under IC 6-3.6-6-2.5.**

(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.

SECTION 23. IC 36-2-13-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 16. (a) If the county legislative body adopts an ordinance electing to implement section 15 of this chapter, the county legislative body shall establish a nonreverting county prisoner reimbursement fund.

(b) All amounts collected under section 15 of this chapter must be deposited in the county prisoner reimbursement fund.

(c) Any amount earned from the investment of amounts in the fund becomes part of the fund.

(d) Notwithstanding any other law, upon appropriation by the county fiscal body, amounts in the fund may be used by the county only for the operation, construction, repair, remodeling, enlarging, and equipment of:

(1) a county jail; or

(2) a juvenile detention center to be operated under IC 31-31-8 or IC 31-31-9.

(e) For a county that has a balance in the fund that exceeds the amount needed for the purposes set forth in subsection (d), the fund may be used by the county for the costs of care, maintenance, and housing of prisoners, including the cost of housing prisoners in the facilities of another county.

SECTION 24. IC 36-7-15.1-26, AS AMENDED BY P.L.87-2015, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 26. (a) As used in this section:

"Allocation area" means that part of a redevelopment project area to which an allocation provision of a resolution adopted under section 8 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means the following:

(1) If an allocation provision is adopted after June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing an economic development area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the

effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

(2) If an allocation provision is adopted after June 30, 1997, in a declaratory resolution or an amendment to a declaratory resolution establishing a redevelopment project area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

(3) If:

(A) an allocation provision adopted before June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing a redevelopment project area expires after June 30, 1997; and

(B) after June 30, 1997, a new allocation provision is included in an amendment to the declaratory resolution;

the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision adopted after June 30, 1997, as adjusted under subsection (h).

(4) Except as provided in subdivision (5), for all other allocation areas, the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h).

(5) If an allocation area established in an economic development area before July 1, 1995, is expanded after June 30, 1995, the definition in subdivision (1) applies to the expanded part of the area added after June 30, 1995.

(6) If an allocation area established in a redevelopment project area before July 1, 1997, is expanded after June 30, 1997, the definition in subdivision (2) applies to the expanded part of the

area added after June 30, 1997.

Except as provided in section 26.2 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property. However, upon approval by a resolution of the redevelopment commission adopted before June 1, 1987, "property taxes" also includes taxes imposed under IC 6-1.1 on depreciable personal property. If a redevelopment commission adopted before June 1, 1987, a resolution to include within the definition of property taxes, taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the commission may by resolution determine the percentage of taxes imposed under IC 6-1.1 on all depreciable personal property that will be included within the definition of property taxes. However, the percentage included must not exceed twenty-five percent (25%) of the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A resolution adopted under section 8 of this chapter on or before the allocation deadline determined under subsection (i) may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A resolution previously adopted may include an allocation provision by the amendment of that resolution on or before the allocation deadline determined under subsection (i) in accordance with the procedures required for its original adoption. A declaratory resolution or amendment that establishes an allocation provision must include a specific finding of fact, supported by evidence, that the adoption of the allocation provision will result in new property taxes in the area that would not have been generated but for the adoption of the allocation provision. For an allocation area established before July 1, 1995, the expiration date of any allocation provisions for the allocation area is June 30, 2025, or the last date of any obligations that are outstanding on July 1, 2015, whichever is later. However, ~~an expiration date imposed by this subsection does not apply to~~ **for** an allocation area identified as the Consolidated Allocation Area in the report submitted in 2013 to the fiscal body under section 36.3 of this chapter, **the expiration date of any allocation provisions for the allocation area is January 1, 2046.** A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, must specify an expiration date for the allocation provision. For an allocation area established before July 1, 2008, the expiration date may not be more than thirty (30) years after the date on which the allocation provision is established. For an allocation area established after June 30, 2008, the expiration date may not be more than twenty-five (25) years after the date on which the first obligation was incurred to pay principal and

interest on bonds or lease rentals on leases payable from tax increment revenues. However, with respect to bonds or other obligations that were issued before July 1, 2008, if any of the bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the redevelopment project area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) The excess of the proceeds of the property taxes imposed for the assessment date with respect to which the allocation and distribution is made that are attributable to taxes imposed after being approved by the voters in a referendum or local public question conducted after April 30, 2010, not otherwise included in subdivision (1) shall be allocated to and, when collected, paid into the funds of the taxing unit for which the referendum or local public question was conducted.

(3) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivisions (1) and (2) shall be allocated to the redevelopment district and, when collected, paid into a special fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds that are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 19 of this chapter.

(D) Pay the principal of and interest on bonds issued by the consolidated city to pay for local public improvements that are physically located in or physically connected to that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 17.1 of this chapter.

(G) Reimburse the consolidated city for expenditures for local public improvements (which include buildings, parking facilities, and other items set forth in section 17 of this chapter) that are physically located in or physically connected to that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility that is physically located in or physically connected to that allocation area under any lease entered into under IC 36-1-10.

(I) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(i) in the allocation area; and

(ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

(J) Pay the costs of carrying out an eligible efficiency project (as defined in IC 36-9-41-1.5) within the unit that established the redevelopment commission. However, property tax proceeds may be used under this clause to pay the costs of carrying out an eligible efficiency project only if those property tax proceeds exceed the amount necessary to do the following:

(i) Make, when due, any payments required under clauses (A) through (I), including any payments of principal and interest on bonds and other obligations payable under this subdivision, any payments of premiums under this subdivision on the redemption before maturity of bonds, and any payments on leases payable under this subdivision.

(ii) Make any reimbursements required under this subdivision.

(iii) Pay any expenses required under this subdivision.

(iv) Establish, augment, or restore any debt service reserve under this subdivision.

(K) Expend money and provide financial assistance as authorized in section 7(a)(21) of this chapter.

The special fund may not be used for operating expenses of the commission.

(4) Before July 1 of each year, the commission shall do the following:

(A) Determine the amount, if any, by which the assessed value of the taxable property in the allocation area for the most recent assessment date minus the base assessed value, when multiplied by the estimated tax rate of the allocation area will exceed the amount of assessed value needed to provide the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (3) plus the amount necessary for other purposes described in subdivision (3) and subsection (g).

(B) Provide a written notice to the county auditor, the legislative body of the consolidated city, the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area, and (in an electronic format) the department of local government finance. The notice must:

(i) state the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1); or

(ii) state that the commission has determined that there is no excess assessed value that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditor shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the

commission. The commission may not authorize an allocation to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (3).

(C) If:

(i) the amount of excess assessed value determined by the commission is expected to generate more than two hundred percent (200%) of the amount of allocated tax proceeds necessary to make, when due, principal and interest payments on bonds described in subdivision (3); plus

(ii) the amount necessary for other purposes described in subdivision (3) and subsection (g);

the commission shall submit to the legislative body of the unit the commission's determination of the excess assessed value that the commission proposes to allocate to the respective taxing units in the manner prescribed in subdivision (1). The legislative body of the unit may approve the commission's determination or modify the amount of the excess assessed value that will be allocated to the respective taxing units in the manner prescribed in subdivision (1).

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the resolution is the lesser of:

(1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(3) may, subject to subsection (b)(4), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(3).

(e) Notwithstanding any other law, each assessor shall, upon petition of the commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

(1) the assessed value of the property as valued without regard to this section; or

(2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(3) shall establish an allocation fund for the purposes specified in subsection (b)(3) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund the amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) and (b)(2) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(3) for the year. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(3) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) and (b)(2) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) and (b)(2) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund, based on the recommendations of the urban enterprise association, for one (1) or more of the following purposes:

(1) To pay for programs in job training, job enrichment, and basic skill development designed to benefit residents and employers in the enterprise zone. The programs must reserve at least one-half (1/2) of the enrollment in any session for residents of the enterprise zone.

(2) To make loans and grants for the purpose of stimulating business activity in the enterprise zone or providing employment for enterprise zone residents in the enterprise zone. These loans and grants may be made to the following:

(A) Businesses operating in the enterprise zone.

(B) Businesses that will move their operations to the enterprise zone if such a loan or grant is made.

(3) To provide funds to carry out other purposes specified in subsection (b)(3). However, where reference is made in subsection (b)(3) to the allocation area, the reference refers for purposes of payments from the special zone fund only to that part of the allocation area that is also located in the enterprise zone.

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment of real property in an area under

IC 6-1.1-4-4 and after each reassessment under a reassessment plan prepared under IC 6-1.1-4-4.2, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the reassessment of the real property in the area on the property tax proceeds allocated to the redevelopment district under this section. After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustments under this subsection may not include the effect of property tax abatements under IC 6-1.1-12.1, and these adjustments may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(3) than would otherwise have been received if the general reassessment, reassessment under the reassessment plan, or annual adjustment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

(i) The allocation deadline referred to in subsection (b) is determined in the following manner:

(1) The initial allocation deadline is December 31, 2011.

(2) Subject to subdivision (3), the initial allocation deadline and subsequent allocation deadlines are automatically extended in increments of five (5) years, so that allocation deadlines subsequent to the initial allocation deadline fall on December 31, 2016, and December 31 of each fifth year thereafter.

(3) At least one (1) year before the date of an allocation deadline determined under subdivision (2), the general assembly may enact a law that:

(A) terminates the automatic extension of allocation deadlines under subdivision (2); and

(B) specifically designates a particular date as the final allocation deadline.

SECTION 25. [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)] **(a) This SECTION applies to a taxpayer notwithstanding IC 6-1.1-11 or any other law or administrative rule or provision.**

(b) This SECTION applies to an assessment date (as defined in IC 6-1.1-1-2) occurring after December 31, 2007, and before January 1, 2011.

(c) As used in this SECTION, "taxpayer" refers to an Indiana nonprofit corporation that owns a hospital and associated office

buildings used for medical purposes.

(d) A taxpayer, after January 15, 2016, and before May 1, 2016, may file in any manner consistent with IC 6-1.1-36-1.5 property tax exemption applications, along with any supporting documents, claiming exemptions from real property taxes under IC 6-1.1-10-16 or IC 6-1.1-10-18.5 for any assessment date described in subsection (b).

(e) If the real property for which an exemption application is filed under this SECTION would have qualified for an exemption under IC 6-1.1-10-16 or IC 6-1.1-10-18.5 for an assessment date described in subsection (b) if an exemption application had been timely filed:

(1) the property tax exemption is allowed; and

(2) the property tax exemption application filed under this SECTION is considered to have been timely filed.

(f) A taxpayer is deemed to be the owner of the real property and is entitled to the exemption from real property tax as claimed on any property tax exemption application filed under this SECTION, regardless of whether:

(1) a property tax exemption application was previously filed for the same or similar property for the assessment date;

(2) the county property tax assessment board of appeals has issued a final determination regarding any previously filed property tax exemption application for the assessment date;

(3) the taxpayer or any entity affiliated with the taxpayer appealed any denial of a previously filed property tax exemption application for the assessment date; or

(4) the records of the county in which the property subject to the property tax exemption application at any time before January 1, 2011, identified the taxpayer as the owner of the property for which a property tax exemption is claimed.

(g) The property tax exemptions claimed by a taxpayer under this SECTION are considered approved without further action being required by the county assessor or the county property tax assessment board of appeals for the county in which the property subject to the property tax exemption application is located. This exemption approval is final and may not be appealed by the county assessor, the county property tax assessment board of appeals, or any member of the county property tax assessment board of appeals.

(h) A taxpayer who files a property tax exemption application under this SECTION is not entitled to a refund of real property tax

paid with respect to the property for which a property tax exemption is approved under this SECTION.

(i) The auditor of the county in which a property subject to any property tax exemption application that is allowed under this SECTION is located shall remove all penalties assigned to the property as of January 1, 2016. The penalties shall be removed regardless of when they accrued and whether they relate to an assessment date identified in subsection (b) or a different assessment date.

(j) This SECTION expires January 1, 2018.

SECTION 26. [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)] **(a) This SECTION applies notwithstanding IC 6-1.1-10, IC 6-1.1-11, or any other law or administrative rule or provision.**

(b) This SECTION applies to an assessment date occurring in 2008 through 2011.

(c) As used in this SECTION, "eligible property" means real property for which a charitable exemption from property taxes was granted for the 2012 through 2015 assessment dates that consists of:

(1) a building owned, occupied, and used for the charitable fundraising activities described in subsection (d) during 2008 through 2015; and

(2) a parking lot that serves the building described in subdivision (1) during 2008 through 2015.

(d) As used in this SECTION, "qualified taxpayer" refers to an Indiana domestic nonprofit corporation that from 2008 through 2015:

(1) owned the eligible property;

(2) held a charity gaming license issued by the Indiana gaming commission under IC 4-32.2; and

(3) used the eligible property to conduct charitable fundraising activities to support its boarding high school.

(e) A qualified taxpayer may, before September 1, 2016, file property tax exemption applications and supporting documents claiming a property tax exemption under IC 6-1.1-10-16 and this SECTION for the eligible property for the 2008 through 2011 assessment dates.

(f) A property tax exemption application filed under subsection (e) by a qualified taxpayer is considered to have been timely filed.

(g) If a qualified taxpayer files the property tax exemption applications under subsection (e) and the county assessor finds that

the eligible property would have qualified for an exemption under IC 6-1.1-10-16 for an assessment date described in subsection (e) if the property tax exemption application had been filed under IC 6-1.1-11 in a timely manner for that assessment date, the following apply:

(1) The property tax exemption for the eligible property shall be allowed and granted for that assessment date by the county assessor and county auditor.

(2) The qualified taxpayer is not required to pay any property taxes, penalties, or interest with respect to the eligible property for that assessment date.

(h) The exemption allowed by this SECTION shall be applied without the need for any further ruling or action by the county assessor, the county auditor, or the county property tax assessment board of appeals of the county in which the eligible property is located or by the Indiana board of tax review.

(i) To the extent the qualified taxpayer has paid any property taxes, penalties, or interest with respect to the eligible property for an assessment date described in subsection (e), the eligible taxpayer is entitled to a refund of the amounts paid. Notwithstanding the filing deadlines for a claim in IC 6-1.1-26, any claim for a refund filed by an eligible taxpayer under this subsection before September 1, 2016, is considered timely filed. The county auditor shall pay the refund due under this SECTION in one (1) installment.

(j) This SECTION expires July 1, 2018.

SECTION 27. [EFFECTIVE UPON PASSAGE] **(a) The general assembly urges the legislative council to assign to the interim study committee on fiscal policy during the 2016 legislative interim the study of the fiscal needs of municipalities that have percentage growth in assessed value in a year that was at least two (2) times the percentage growth allowed in property tax levies under IC 6-1.1-18.5.**

(b) This SECTION expires January 1, 2017.

SECTION 28. **An emergency is declared for this act.**

COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 308, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-1.1-3-14, AS AMENDED BY P.L.146-2008, SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 14. The township assessor, or the county assessor if there is no township assessor for the township, ~~shall:~~ **may:**

(1) examine and verify; or

(2) allow a contractor under IC 6-1.1-36-12 to examine and verify;

the accuracy of ~~each~~ **a** personal property return filed with the township or county assessor by a taxpayer **if the assessor considers the examination and verification of that personal property return to be useful to the accuracy of the assessment process.** If appropriate, the assessor or contractor under IC 6-1.1-36-12 shall compare a return with the books of the taxpayer and with personal property owned, held, possessed, controlled, or occupied by the taxpayer.".

Page 17, between lines 29 and 30, begin a new paragraph and insert:

"SECTION 17. IC 6-1.1-18.5-13, AS AMENDED BY P.L.245-2015, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13. (a) With respect to an appeal filed under section 12 of this chapter, the department may find that a civil taxing unit should receive any one (1) or more of the following types of relief:

(1) Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if in the judgment of the department the increase is reasonably necessary due to increased costs of the civil taxing unit resulting from annexation, consolidation, or other extensions of governmental services by the civil taxing unit to additional geographic areas or persons. With respect to annexation, consolidation, or other extensions of governmental services in a calendar year, if those increased costs are incurred by the civil taxing unit in that calendar year and more than one (1) immediately succeeding calendar year, the unit may appeal under section 12 of this chapter for permission to increase its levy under this subdivision based on those increased costs in any of the

following:

(A) The first calendar year in which those costs are incurred.

(B) One (1) or more of the immediately succeeding four (4) calendar years.

(2) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the civil taxing unit needs the increase to meet the civil taxing unit's share of the costs of operating a court established by statute enacted after December 31, 1973. Before recommending such an increase, the local government tax control board shall consider all other revenues available to the civil taxing unit that could be applied for that purpose. The maximum aggregate levy increases that the local government tax control board may recommend for a particular court equals the civil taxing unit's estimate of the unit's share of the costs of operating a court for the first full calendar year in which it is in existence. For purposes of this subdivision, costs of operating a court include:

(A) the cost of personal services (including fringe benefits);

(B) the cost of supplies; and

(C) any other cost directly related to the operation of the court.

(3) Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the department finds that the quotient determined under STEP SIX of the following formula is equal to or greater than one and two-hundredths (1.02):

STEP ONE: Determine the three (3) calendar years that most immediately precede the ensuing calendar year and in which a statewide general reassessment of real property under IC 6-1.1-4-4 does not first become effective.

STEP TWO: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the sum of the civil taxing unit's total assessed value of all taxable property and:

(i) for a particular calendar year before 2007, the total assessed value of property tax deductions in the unit under IC 6-1.1-12-41 (repealed) or IC 6-1.1-12-42 in the particular calendar year; or

(ii) for a particular calendar year after 2006, the total assessed value of property tax deductions that applied in the

unit under IC 6-1.1-12-42 in 2006 plus for a particular calendar year after 2009, the total assessed value of property tax deductions that applied in the unit under IC 6-1.1-12-37.5 in 2008;

divided by the sum determined under this STEP for the calendar year immediately preceding the particular calendar year.

STEP THREE: Divide the sum of the three (3) quotients computed in STEP TWO by three (3).

STEP FOUR: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the sum of the total assessed value of all taxable property in all counties and:

(i) for a particular calendar year before 2007, the total assessed value of property tax deductions in all counties under IC 6-1.1-12-41 (repealed) or IC 6-1.1-12-42 in the particular calendar year; or

(ii) for a particular calendar year after 2006, the total assessed value of property tax deductions that applied in all counties under IC 6-1.1-12-42 in 2006 plus for a particular calendar year after 2009, the total assessed value of property tax deductions that applied in the unit under IC 6-1.1-12-37.5 in 2008;

divided by the sum determined under this STEP for the calendar year immediately preceding the particular calendar year.

STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Divide the STEP THREE amount by the STEP FIVE amount.

The civil taxing unit may increase its levy by a percentage not greater than the percentage by which the STEP THREE amount exceeds the percentage by which the civil taxing unit may increase its levy under section 3 of this chapter based on the assessed value growth quotient determined under section 2 of this chapter.

(4) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the civil taxing unit needs the increase to pay the costs of furnishing fire protection for

the civil taxing unit through a volunteer fire department. For purposes of determining a township's need for an increased levy, the local government tax control board shall not consider the amount of money borrowed under IC 36-6-6-14 during the immediately preceding calendar year. However, any increase in the amount of the civil taxing unit's levy recommended by the local government tax control board under this subdivision for the ensuing calendar year may not exceed the lesser of:

(A) ten thousand dollars ($10,000); or

(B) twenty percent (20%) of:

(i) the amount authorized for operating expenses of a volunteer fire department in the budget of the civil taxing unit for the immediately preceding calendar year; plus

(ii) the amount of any additional appropriations authorized during that calendar year for the civil taxing unit's use in paying operating expenses of a volunteer fire department under this chapter; minus

(iii) the amount of money borrowed under IC 36-6-6-14 during that calendar year for the civil taxing unit's use in paying operating expenses of a volunteer fire department.

(5) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter in order to raise revenues for pension payments and contributions the civil taxing unit is required to make under IC 36-8. The maximum increase in a civil taxing unit's levy that may be recommended under this subdivision for an ensuing calendar year equals the amount, if any, by which the pension payments and contributions the civil taxing unit is required to make under IC 36-8 during the ensuing calendar year exceeds the product of one and one-tenth (1.1) multiplied by the pension payments and contributions made by the civil taxing unit under IC 36-8 during the calendar year that immediately precedes the ensuing calendar year. For purposes of this subdivision, "pension payments and contributions made by a civil taxing unit" does not include that part of the payments or contributions that are funded by distributions made to a civil taxing unit by the state.

(6) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to increase its levy in excess of the limitations established under section 3 of this chapter if the local government

tax control board finds that:

(A) the township's township assistance ad valorem property tax rate is less than one and sixty-seven hundredths cents ($0.0167) per one hundred dollars ($100) of assessed valuation; and

(B) the township needs the increase to meet the costs of providing township assistance under IC 12-20 and IC 12-30-4.

The maximum increase that the board may recommend for a township is the levy that would result from an increase in the township's township assistance ad valorem property tax rate of one and sixty-seven hundredths cents ($0.0167) per one hundred dollars ($100) of assessed valuation minus the township's ad valorem property tax rate per one hundred dollars ($100) of assessed valuation before the increase.

(7) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter if:

(A) the increase has been approved by the legislative body of the municipality with the largest population where the civil taxing unit provides public transportation services; and

(B) the local government tax control board finds that the civil taxing unit needs the increase to provide adequate public transportation services.

The local government tax control board shall consider tax rates and levies in civil taxing units of comparable population, and the effect (if any) of a loss of federal or other funds to the civil taxing unit that might have been used for public transportation purposes. However, the increase that the board may recommend under this subdivision for a civil taxing unit may not exceed the revenue that would be raised by the civil taxing unit based on a property tax rate of one cent ($0.01) per one hundred dollars ($100) of assessed valuation.

(8) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to a civil taxing unit to increase the unit's levy in excess of the limitations established under section 3 of this chapter if the local government tax control board finds that:

(A) the civil taxing unit is:

(i) a county having a population of more than one hundred seventy thousand (170,000) but less than one hundred seventy-five thousand (175,000);

(ii) a city having a population of more than sixty-five thousand (65,000) but less than seventy thousand (70,000);
(iii) a city having a population of more than twenty-nine thousand five hundred (29,500) but less than twenty-nine thousand six hundred (29,600);
(iv) a city having a population of more than thirteen thousand four hundred fifty (13,450) but less than thirteen thousand five hundred (13,500); or
(v) a city having a population of more than eight thousand seven hundred (8,700) but less than nine thousand (9,000); and

(B) the increase is necessary to provide funding to undertake removal (as defined in IC 13-11-2-187) and remedial action (as defined in IC 13-11-2-185) relating to hazardous substances (as defined in IC 13-11-2-98) in solid waste disposal facilities or industrial sites in the civil taxing unit that have become a menace to the public health and welfare.

The maximum increase that the local government tax control board may recommend for such a civil taxing unit is the levy that would result from a property tax rate of six and sixty-seven hundredths cents ($0.0667) for each one hundred dollars ($100) of assessed valuation. For purposes of computing the ad valorem property tax levy limit imposed on a civil taxing unit under section 3 of this chapter, the civil taxing unit's ad valorem property tax levy for a particular year does not include that part of the levy imposed under this subdivision. In addition, a property tax increase permitted under this subdivision may be imposed for only two (2) calendar years.

(9) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission for a county:

(A) having a population of more than eighty thousand (80,000) but less than ninety thousand (90,000) to increase the county's levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the county needs the increase to meet the county's share of the costs of operating a jail or juvenile detention center, including expansion of the facility, if the jail or juvenile detention center is opened after December 31, 1991;

(B) that operates a county jail or juvenile detention center that is subject to an order that:

(i) was issued by a federal district court; and

(ii) has not been terminated;

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

(i) American Correctional Association Jail Construction Standards; and

(ii) Indiana jail operation standards adopted by the department of correction; or

(D) that operates a juvenile detention center that fails to meet standards equivalent to the standards described in clause (C) for the operation of juvenile detention centers.

Before recommending an increase, the local government tax control board shall consider all other revenues available to the county that could be applied for that purpose. An appeal for operating funds for a jail or a juvenile detention center shall be considered individually, if a jail and juvenile detention center are both opened in one (1) county. The maximum aggregate levy increases that the local government tax control board may recommend for a county equals the county's share of the costs of operating the jail or a juvenile detention center for the first full calendar year in which the jail or juvenile detention center is in operation.

(10) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission for a township to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the township needs the increase so that the property tax rate to pay the costs of furnishing fire protection for a township, or a portion of a township, enables the township to pay a fair and reasonable amount under a contract with the municipality that is furnishing the fire protection. However, for the first time an appeal is granted the resulting rate increase may not exceed fifty percent (50%) of the difference between the rate imposed for fire protection within the municipality that is providing the fire protection to the township and the township's rate. A township is required to appeal a second time for an increase under this subdivision if the township wants to further increase its rate. However, a township's rate may be increased to equal but may not exceed the rate that is used by the municipality. More than one (1) township served by the same municipality may use this appeal.

(11) Permission to a city having a population of more than thirty-one thousand five hundred (31,500) but less than thirty-one thousand seven hundred twenty-five (31,725) to increase its levy

in excess of the limitations established under section 3 of this chapter if:

(A) an appeal was granted to the city under this section to reallocate property tax replacement credits under IC 6-3.5-1.1 in 1998, 1999, and 2000; and

(B) the increase has been approved by the legislative body of the city, and the legislative body of the city has by resolution determined that the increase is necessary to pay normal operating expenses.

The maximum amount of the increase is equal to the amount of property tax replacement credits under IC 6-3.5-1.1 that the city petitioned under this section to have reallocated in 2001 for a purpose other than property tax relief.

(12) A levy increase may be granted under this subdivision only for property taxes first due and payable after December 31, 2008. Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter if the civil taxing unit cannot carry out its governmental functions for an ensuing calendar year under the levy limitations imposed by section 3 of this chapter due to a natural disaster, an accident, or another unanticipated emergency.

(13) Permission to Jefferson County to increase its levy in excess of the limitations established under section 3 of this chapter if the department finds that the county experienced a property tax revenue shortfall that resulted from an erroneous estimate of the effect of the supplemental deduction under IC 6-1.1-12-37.5 on the county's assessed valuation. An appeal for a levy increase under this subdivision may not be denied because of the amount of cash balances in county funds. The maximum increase in the county's levy that may be approved under this subdivision is three hundred thousand dollars ($300,000).

(14) Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the department finds that the percentage growth in the civil taxing unit's assessed value for the preceding calendar year was at least two (2) times the percentage growth allowed for the civil taxing unit's tax levy under the assessed value growth quotient determined under section 2 of this chapter for the ensuing calendar year. The civil taxing unit may increase its levy by a percentage equal to the percentage growth in the civil taxing unit's assessed value for the preceding calendar year.

(b) The department of local government finance shall increase the maximum permissible ad valorem property tax levy under section 3 of this chapter for the city of Goshen for 2012 and thereafter by an amount equal to the greater of zero (0) or the result of:

(1) the city's total pension costs in 2009 for the 1925 police pension fund (IC 36-8-6) and the 1937 firefighters' pension fund (IC 36-8-7); minus

(2) the sum of:

(A) the total amount of state funds received in 2009 by the city and used to pay benefits to members of the 1925 police pension fund (IC 36-8-6) or the 1937 firefighters' pension fund (IC 36-8-7); plus

(B) any previous permanent increases to the city's levy that were authorized to account for the transfer to the state of the responsibility to pay benefits to members of the 1925 police pension fund (IC 36-8-6) and the 1937 firefighters' pension fund (IC 36-8-7).

(c) In calendar year 2013, the department of local government finance shall allow a township to increase its maximum permissible ad valorem property tax levy in excess of the limitations established under section 3 of this chapter, if the township:

(1) petitions the department for the levy increase on a form prescribed by the department; and

(2) submits proof of the amount borrowed in 2012 or 2013, but not both, under IC 36-6-6-14 to furnish fire protection for the township or a part of the township.

The maximum increase in a township's levy that may be allowed under this subsection is the amount borrowed by the township under IC 36-6-6-14 in the year for which proof was submitted under subdivision (2). An increase allowed under this subsection applies to property taxes first due and payable after December 31, 2013.".

Page 19, between lines 8 and 9, begin a new paragraph and insert:

"SECTION 20. IC 6-1.1-36-12, AS AMENDED BY P.L.146-2008, SECTION 289, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 12. (a) A board of county commissioners, a county assessor, or a township assessor (if any) may enter into a contract for the discovery of property that has been undervalued or omitted from assessment. The contract must prohibit payment to the contractor for discovery of undervaluation or omission with respect to a parcel or personal property return before all appeals of the assessment of the parcel or the assessment under the return have been finalized. The contract may require the contractor to:

(1) examine and verify the accuracy of **a** personal property ~~returns~~ **return** filed by ~~taxpayers~~ **a taxpayer** with the county assessor or a township assessor of a township in the county, **if the contractor considers the examination and verification of that personal property return to be useful to the accuracy of the assessment process;** and

(2) compare a return with the books of the taxpayer and with personal property owned, held, possessed, controlled, or occupied by the taxpayer, **if the contractor considers the comparison to be useful to the accuracy of the assessment process.**

(b) This subsection applies if funds are not appropriated for payment of services performed under a contract described in subsection (a). The county auditor may create a special nonreverting fund in which the county treasurer shall deposit the amount of taxes, including penalties and interest, that result from additional assessments on undervalued or omitted property collected from all taxing jurisdictions in the county after deducting the amount of any property tax credits that reduce the owner's property tax liability for the undervalued or omitted property. The fund remains in existence during the term of the contract. Distributions shall be made from the fund without appropriation only for the following purposes:

(1) All contract fees and other costs related to the contract.

(2) After the payments required by subdivision (1) have been made and the contract has expired, the county auditor shall distribute all money remaining in the fund to the appropriate taxing units in the county using the property tax rates of each taxing unit in effect at the time of the distribution.

(c) A board of county commissioners, a county assessor, or a township assessor may not contract for services under subsection (a) on a percentage basis.".

Page 20, between lines 11 and 12, begin a new paragraph and insert:

"SECTION 23. IC 6-3.6-2-14.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 14.5. "PSAP" means a PSAP (as defined in IC 36-8-16.7-20) that is part of the statewide 911 system (as defined in IC 36-8-16.7-22).**

SECTION 24. IC 6-3.6-3-1, AS ADDED BY P.L.243-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: 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.

(3) The county fiscal body for purposes of adopting a rate dedicated to paying for a PSAP in the county as permitted by IC 6-3.6-6-2.5.

(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.

SECTION 25. IC 6-3.6-6-2.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 2.5. (a) This section applies to a county in which the adopting body:**

(1) is the local income tax council; and

(2) did not allocate the revenue under this chapter from an expenditure rate of at least one-tenth of one percent (0.1%) to pay for a PSAP in the county for a year.

(b) A county fiscal body may adopt an ordinance to impose a tax rate for a PSAP in the county. The tax rate must be in increments of one-hundredth of one percent (0.01%) and may not exceed one-tenth of one percent (0.1%).

(c) The revenue generated by a tax rate imposed under this section must be distributed directly to the county before the remainder of the expenditure rate revenue is distributed. The revenue shall be maintained in a separate dedicated county fund and used only for paying for a PSAP in the county.

SECTION 26. IC 6-3.6-6-3, AS ADDED BY P.L.243-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 3. Revenue raised from a tax imposed under this chapter shall be treated as follows:

(1) If an ordinance described in section 2.5 of this chapter is in effect in a county, to make a distribution to the county equal to the amount of revenue generated by the rate imposed under section 2.5 of this chapter.

~~(1)~~ **(2) After making the distribution described in subdivision (1), if any,** to make distributions to school corporations and civil taxing units in counties that formerly imposed a tax under IC 6-3.5-1.1. The revenue categorized from the ~~first~~ **next**

twenty-five hundredths percent (0.25%) of the rate for a former tax adopted under IC 6-3.5-1.1 shall be allocated to school corporations and civil taxing units. The amount of the allocation to a school corporation or civil taxing unit shall be determined using the allocation amounts for civil taxing units and school corporations in the determination.

~~(2)~~ **(3) After making the distributions described in subdivisions (1) and (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.

SECTION 27. IC 6-3.6-6-11, AS ADDED BY P.L.243-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 11. (a) Except as provided in this chapter and IC 6-3.6-11, 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. The distributions to school corporations and civil taxing units in counties that formerly imposed a tax under IC 6-3.5-1.1 as provided in section ~~3(1)~~ **3(2)** of this chapter is not considered an allocation of certified shares. A school corporation's allocation amount for purposes of section ~~3(1)~~ **3(2)** of this chapter shall be determined under section 12 of 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.

SECTION 28. IC 6-3.6-6-12, AS ADDED BY P.L.243-2015,

SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 12. (a) Except as provided in this chapter and IC 6-3.6-11, 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 plus the amount distributed under section ~~3(1)~~ **3(2)** of this chapter 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.

SECTION 29. IC 6-3.6-6-20, AS ADDED BY P.L.243-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 20. (a) This section applies to any allocation or distribution of revenue under section ~~3(1) or~~ 3(2) **or 3(3)** of this chapter that is made on the basis of property tax levies. If a school corporation or civil taxing unit of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which revenue under section ~~3(1) or~~ 3(2) **or 3(3)** of this chapter is being allocated or distributed, that school corporation or civil taxing unit is entitled to receive a part of the revenue under section ~~3(1) or~~ 3(2) **or 3(3)** of this chapter (as appropriate) to be distributed within the county. The fractional amount that such a school corporation or civil taxing unit is entitled to receive each month during that calendar year equals the product of the following:

(1) The amount of revenue under section ~~3(1) or~~ 3(2) **or 3(3)** of this chapter to be distributed on the basis of property tax levies during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the budget of that school corporation or civil taxing unit for that calendar year. The denominator of the fraction equals the aggregate budgets of all school corporations or civil taxing units of that county for that calendar year.

(b) If for a calendar year a school corporation or civil taxing unit is allocated a part of a county's revenue under section ~~3(1) or~~ 3(2) **or 3(3)** of this chapter by subsection (a), the calculations used to determine the shares of revenue of all other school corporations and civil taxing units under section ~~3(1) or~~ 3(2) **or 3(3)** of this chapter (as appropriate) shall be changed each month for that same year by reducing the amount of

revenue to be distributed by the amount of revenue under section ~~3(1) or~~ 3(2) **or 3(3)** of this chapter allocated under subsection (a) for that same month. The department of local government finance shall make any adjustments required by this subsection and provide them to the appropriate county auditors.

SECTION 30. IC 6-3.6-9-10, AS ADDED BY P.L.243-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: 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, **separately stating the part of the distribution attributable to a tax rate imposed under IC 6-3.6-6-2.5.**

(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.".

Page 26, between lines 37 and 38, begin a new paragraph and insert:

"SECTION 35. IC 36-7-14-39, AS AMENDED BY P.L.87-2015, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 39. (a) As used in this section:

"Allocation area" means that part of a redevelopment project area to which an allocation provision of a declaratory resolution adopted under section 15 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means the following:

(1) If an allocation provision is adopted after June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing an economic development area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

(2) If an allocation provision is adopted after June 30, 1997, in a declaratory resolution or an amendment to a declaratory resolution establishing a redevelopment project area:

(A) the net assessed value of all the property as finally

determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

(3) If:

(A) an allocation provision adopted before June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing a redevelopment project area expires after June 30, 1997; and

(B) after June 30, 1997, a new allocation provision is included in an amendment to the declaratory resolution;

the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision adopted after June 30, 1997, as adjusted under subsection (h).

(4) Except as provided in subdivision (5), for all other allocation areas, the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h).

(5) If an allocation area established in an economic development area before July 1, 1995, is expanded after June 30, 1995, the definition in subdivision (1) applies to the expanded part of the area added after June 30, 1995.

(6) If an allocation area established in a redevelopment project area before July 1, 1997, is expanded after June 30, 1997, the definition in subdivision (2) applies to the expanded part of the area added after June 30, 1997.

Except as provided in section 39.3 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property. However, upon approval by a resolution of the redevelopment commission adopted before June 1, 1987, "property taxes" also includes taxes imposed under IC 6-1.1 on depreciable personal property. If a redevelopment commission adopted before June 1, 1987, a resolution to include within the definition of property taxes, taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the commission may by resolution determine the percentage of taxes imposed under IC 6-1.1 on all depreciable personal property

that will be included within the definition of property taxes. However, the percentage included must not exceed twenty-five percent (25%) of the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A declaratory resolution adopted under section 15 of this chapter on or before the allocation deadline determined under subsection ~~(i)~~ **(l)** may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A declaratory resolution previously adopted may include an allocation provision by the amendment of that declaratory resolution on or before the allocation deadline determined under subsection ~~(i)~~ **(l)** in accordance with the procedures required for its original adoption. A declaratory resolution or amendment that establishes an allocation provision must include a specific finding of fact, supported by evidence, that the adoption of the allocation provision will result in new property taxes in the area that would not have been generated but for the adoption of the allocation provision. For an allocation area established before July 1, 1995, the expiration date of any allocation provisions for the allocation area is June 30, 2025, or the last date of any obligations that are outstanding on July 1, 2015, whichever is later. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, must specify an expiration date for the allocation provision. For an allocation area established before July 1, 2008, the expiration date may not be more than thirty (30) years after the date on which the allocation provision is established. For an allocation area established after June 30, 2008, the expiration date may not be more than twenty-five (25) years after the date on which the first obligation was incurred to pay principal and interest on bonds or lease rentals on leases payable from tax increment revenues. However, with respect to bonds or other obligations that were issued before July 1, 2008, if any of the bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the redevelopment project area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date

with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) The excess of the proceeds of the property taxes imposed for the assessment date with respect to which the allocation and distribution is made that are attributable to taxes imposed after being approved by the voters in a referendum or local public question conducted after April 30, 2010, not otherwise included in subdivision (1) shall be allocated to and, when collected, paid into the funds of the taxing unit for which the referendum or local public question was conducted.

(3) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivisions (1) and (2) shall be allocated to the redevelopment district and, when collected, paid into an allocation fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds which are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 27 of this chapter.

(D) Pay the principal of and interest on bonds issued by the unit to pay for local public improvements that are physically located in or physically connected to that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 25.2 of this chapter.

(G) Reimburse the unit for expenditures made by it for local public improvements (which include buildings, parking facilities, and other items described in section 25.1(a) of this chapter) that are physically located in or physically connected

to that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility that is physically located in or physically connected to that allocation area under any lease entered into under IC 36-1-10.

(I) For property taxes first due and payable before January 1, 2009, pay all or a part of a property tax replacement credit to taxpayers in an allocation area as determined by the redevelopment commission. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) (before their repeal) that is attributable to the taxing district.

STEP TWO: Divide:

(i) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2 (before its repeal)) for that year as determined under IC 6-1.1-21-4 (before its repeal) that is attributable to the taxing district; by

(ii) the STEP ONE sum.

STEP THREE: Multiply:

(i) the STEP TWO quotient; times

(ii) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2 (before its repeal)) levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under section 39.5 of this chapter (before its repeal) in the same year.

(J) Pay expenses incurred by the redevelopment commission for local public improvements that are in the allocation area or serving the allocation area. Public improvements include buildings, parking facilities, and other items described in section 25.1(a) of this chapter.

(K) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are

located:

(i) in the allocation area; and

(ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

(L) Pay the costs of carrying out an eligible efficiency project (as defined in IC 36-9-41-1.5) within the unit that established the redevelopment commission. However, property tax proceeds may be used under this clause to pay the costs of carrying out an eligible efficiency project only if those property tax proceeds exceed the amount necessary to do the following:

(i) Make, when due, any payments required under clauses (A) through (K), including any payments of principal and interest on bonds and other obligations payable under this subdivision, any payments of premiums under this subdivision on the redemption before maturity of bonds, and any payments on leases payable under this subdivision.

(ii) Make any reimbursements required under this subdivision.

(iii) Pay any expenses required under this subdivision.

(iv) Establish, augment, or restore any debt service reserve under this subdivision.

(M) Expend money and provide financial assistance as authorized in section 12.2(a)(27) of this chapter.

The allocation fund may not be used for operating expenses of the commission.

(4) Except as provided in subsection (g), before July 1 of each year, the commission shall do the following:

(A) Determine the amount, if any, by which the assessed value of the taxable property in the allocation area for the most recent assessment date minus the base assessed value, when multiplied by the estimated tax rate of the allocation area, will exceed the amount of assessed value needed to produce the property taxes necessary to make, when due, principal and

interest payments on bonds described in subdivision (3), plus the amount necessary for other purposes described in subdivision (3).

(B) Provide a written notice to the county auditor, the fiscal body of the county or municipality that established the department of redevelopment, the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area, and (in an electronic format) the department of local government finance. The notice must:

(i) state the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1); or

(ii) state that the commission has determined that there is no excess assessed value that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditor shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the commission. The commission may not authorize an allocation of assessed value to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (3) or lessors under section 25.3 of this chapter.

(C) If:

(i) the amount of excess assessed value determined by the commission is expected to generate more than two hundred percent (200%) of the amount of allocated tax proceeds necessary to make, when due, principal and interest payments on bonds described in subdivision (3); plus

(ii) the amount necessary for other purposes described in subdivision (3);

the commission shall submit to the legislative body of the unit its determination of the excess assessed value that the commission proposes to allocate to the respective taxing units in the manner prescribed in subdivision (1). The legislative body of the unit may approve the commission's determination or modify the amount of the excess assessed value that will be allocated to the respective taxing units in the manner prescribed in subdivision (1).

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the

allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:

(1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(3) may, subject to subsection (b)(4), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(3).

(e) Notwithstanding any other law, each assessor shall, upon petition of the redevelopment commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

(1) the assessed value of the property as valued without regard to this section; or

(2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(3) shall establish an allocation fund for the purposes specified in subsection (b)(3) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) and (b)(2) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(3) for the year. The amount sufficient for purposes specified in subsection (b)(3) for the year shall be determined based on the pro rata portion of such current property tax proceeds from the part of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(3) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) and (b)(2) in the fund derived from property tax

proceeds in excess of those described in subsection (b)(1) and (b)(2) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or other purposes specified in subsection (b)(3), except that where reference is made in subsection (b)(3) to allocation area it shall refer for purposes of payments from the special zone fund only to that part of the allocation area that is also located in the enterprise zone. Those programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment of real property in an area under IC 6-1.1-4-4 and after each reassessment in an area under a reassessment plan prepared under IC 6-1.1-4-4.2, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the reassessment of the real property in the area on the property tax proceeds allocated to the redevelopment district under this section. After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustments under this subsection:

(1) may not include the effect of phasing in assessed value due to property tax abatements under IC 6-1.1-12.1 **that are described in subsections (i) and (k);**

(2) may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(3) than would otherwise have been received if the general reassessment, the reassessment under the reassessment plan, or the annual adjustment had not occurred; and

(3) may decrease base assessed value only to the extent that assessed values in the allocation area have been decreased due to annual adjustments or the reassessment under the reassessment plan.

~~Assessed value increases attributable to the application of an abatement schedule under IC 6-1.1-12.1 may not be included in the base assessed value of an allocation area.~~ The department of local government

finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

(i) In the case of assessed value increases attributable to the application of an abatement schedule adopted under IC 6-1.1-12.1 before July 1, 2016, the assessed value increases attributable to the application of the abatement schedule may not be included in the base assessed value of an allocation area.

(j) In the case of assessed value increases attributable to the application of an abatement schedule that is adopted under IC 6-1.1-12.1:

(1) after June 30, 2016; but

(2) before the date on which the allocation area is established;

the assessed value increases attributable to the application of the abatement schedule must be included in the base assessed value of the allocation area, and may not be included in the incremental assessed value of the allocation area.

(k) In the case of assessed value increases attributable to the application of an abatement schedule that is adopted under IC 6-1.1-12.1:

(1) after June 30, 2016; and

(2) on or after the date on which the allocation area is established;

assessed value increases attributable to the application of an abatement schedule under IC 6-1.1-12.1 may be included in the incremental assessed value of the allocation area, but only to the extent that the assessed value increase is a direct result of funding or expenditures from the allocation area as determined by the fiscal body of the unit that established the redevelopment commission. The assessed value increases under this section that are not allocated to the incremental assessed value of the allocation area must be included in the base assessed value of the allocation area.

~~(i)~~ **(l)** The allocation deadline referred to in subsection (b) is determined in the following manner:

(1) The initial allocation deadline is December 31, 2011.

(2) Subject to subdivision (3), the initial allocation deadline and subsequent allocation deadlines are automatically extended in increments of five (5) years, so that allocation deadlines subsequent to the initial allocation deadline fall on December 31, 2016, and December 31 of each fifth year thereafter.

(3) At least one (1) year before the date of an allocation deadline determined under subdivision (2), the general assembly may enact

a law that:

(A) terminates the automatic extension of allocation deadlines under subdivision (2); and

(B) specifically designates a particular date as the final allocation deadline.

SECTION 36. IC 36-7-15.1-26.3 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 26.3. (a) Notwithstanding section 26 of this chapter, the commission shall adopt a resolution establishing a new base assessed value for the economic development area known as the Marion County Airport Economic Development Area. The new base assessed value shall be used beginning with the 2017 assessment date. The new base assessed value is subject to adjustment under section 26(h) of this chapter.**

(b) The new base assessed value under subsection (a) is the base assessed value used in 2016 plus the amount, as determined by the commission, that will result in incremental assessed value that is expected to generate not more than one hundred fifty percent (150%) of the amount of allocated property tax proceeds necessary to make, when due, principal and interest payments on those bonds payable from property taxes in the area that are denominated on January 1, 2016, as series 2007 and 2007A.

(c) The commission shall also submit to the fiscal body of the county the commission's determination of the base assessed value that will be allocated to the respective taxing units as a result of the increase to the base assessed value under this section.".

Page 27, between lines 7 and 8, begin a new paragraph and insert:

"SECTION 38. [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)] **(a) This SECTION applies to a taxpayer notwithstanding IC 6-1.1-11 or any other law or administrative rule or provision.**

(b) This SECTION applies to an assessment date (as defined in IC 6-1.1-1-2) occurring after December 31, 2007, and before January 1, 2011.

(c) As used in this SECTION, "taxpayer" refers to an Indiana nonprofit corporation that owns a hospital and associated office buildings used for medical purposes.

(d) A taxpayer, after January 15, 2016, and before May 1, 2016, may file in any manner consistent with IC 6-1.1-36-1.5 property tax exemption applications, along with any supporting documents, claiming exemptions from real property taxes under IC 6-1.1-10-16 or IC 6-1.1-10-18.5 for any assessment date described in subsection

(b).

(e) If the real property for which an exemption application is filed under this SECTION would have qualified for an exemption under IC 6-1.1-10-16 or IC 6-1.1-10-18.5 for an assessment date described in subsection (b) if an exemption application had been timely filed:

(1) the property tax exemption is allowed; and

(2) the property tax exemption application filed under this SECTION is considered to have been timely filed.

(f) A taxpayer is deemed to be the owner of the real property and is entitled to the exemption from real property tax as claimed on any property tax exemption application filed under this SECTION, regardless of whether:

(1) a property tax exemption application was previously filed for the same or similar property for the assessment date;

(2) the county property tax assessment board of appeals has issued a final determination regarding any previously filed property tax exemption application for the assessment date;

(3) the taxpayer or any entity affiliated with the taxpayer appealed any denial of a previously filed property tax exemption application for the assessment date; or

(4) the records of the county in which the property subject to the property tax exemption application at any time before January 1, 2011, identified the taxpayer as the owner of the property for which a property tax exemption is claimed.

(g) The property tax exemptions claimed by a taxpayer under this SECTION are considered approved without further action being required by the county assessor or the county property tax assessment board of appeals for the county in which the property subject to the property tax exemption application is located. This exemption approval is final and may not be appealed by the county assessor, the county property tax assessment board of appeals, or any member of the county property tax assessment board of appeals.

(h) A taxpayer who files a property tax exemption application under this SECTION is not entitled to a refund of real property tax paid with respect to the property for which a property tax exemption is approved under this SECTION.

(i) The auditor of the county in which a property subject to any property tax exemption application that is allowed under this SECTION is located shall remove all penalties assigned to the property as of January 1, 2016. The penalties shall be removed

regardless of when they accrued and whether they relate to an assessment date identified in subsection (b) or a different assessment date.

(j) This SECTION expires January 1, 2018.".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 308 as introduced.)

HERSHMAN, Chairperson

Committee Vote: Yeas 9, Nays 3.

SENATE MOTION

Madam President: I move that Senate Bill 308 be amended to read as follows:

Page 2, line 39, after "occurs" delete "," and insert "**for which data is available,**".

Page 6, between lines 16 and 17, begin a new paragraph and insert:

"SECTION 6. IC 6-1.1-4-43.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 43.5. (a) This section applies to a real property assessment for:**

(1) the 2016 assessment date and assessment dates thereafter; and

(2) real property that is:

(A) a limited market or special purpose property that would commonly be regarded as a big box retail building under standard appraisal practices and is at least fifty thousand (50,000) square feet; and

(B) occupied by the original owner or by a tenant for which the improvement was built.

(b) If a taxpayer files a notice under IC 6-1.1-15 after March 31, 2016, requesting a review of the assessment of the taxpayer's real property that is subject to this section, and the effective age of the improvements is ten (10) years or less under the rules of the department, a taxpayer must provide to the appropriate county or township assessing official information concerning the actual construction costs for the real property. Notwithstanding IC 6-1.1-15, if a taxpayer does not provide all relevant and reasonably available information concerning the actual

construction costs for the real property before the hearing scheduled by the county property tax assessment board of appeals regarding the assessment of the real property, the appeal may not be reviewed until all the information is provided. If a taxpayer does provide the information concerning the actual construction costs for the real property, and the construction costs for the real property are greater than the cost values determined by using the cost tables under the rules and guidelines of the department of local government finance, then for purposes of applying the cost approach the depreciation and obsolescence shall be deducted from the construction costs rather than the cost values determined by using the cost tables under the rules and guidelines of the department of local government finance.".

Page 27, line 15, delete "The value in exchange of an improved property does not" and insert "**With respect to the assessment of an improved property, a valuation does not reflect the true tax value of the improved property if the purportedly comparable sale properties supporting the valuation have a different market or submarket than the current use of the improved property, based on a market segmentation analysis.**".

Page 27, delete lines 16 through 18.

Page 27, line 19, delete "use of the improved property.".

Page 50, line 11, delete "section" and insert "**subsection**".

Renumber all SECTIONS consecutively.

(Reference is to SB 308 as printed January 22, 2016.)

HERSHMAN

SENATE MOTION

Madam President: I move that Senate Bill 308 be amended to read as follows:

Page 11, delete lines 7 through 42.

Delete pages 12 through 17.

Page 18, delete line 1.

Page 34, delete lines 17 through 42.

Delete pages 35 through 40.

Page 51, delete lines 9 through 20.
Renumber all SECTIONS consecutively.

(Reference is to SB 308 as printed January 22, 2016.)

HERSHMAN

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 308, 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:

Page 1, delete lines 1 through 14.

Page 3, delete lines 3 through 16, begin a new line block indented and insert:

"**(4) Use the lesser of:**

(A) the base rate determined after applying subdivisions (1) through (3); or

(B) the base rate for the previous year increased by one percent (1%).".

Page 5, line 3, after "2015" insert "**and 2016**".

Page 5, line 3, strike "date," and insert "**dates,**".

Page 5, line 5, strike "For the 2016".

Page 5, line 6, strike "assessment date,".

Page 5, line 6, strike "the statewide".

Page 5, strike lines 7 through 11.

Page 6, delete lines 17 through 42.

Page 7, delete lines 1 through 9.

Page 9, delete lines 16 through 39, begin a new paragraph and insert:

"SECTION 11. IC 6-1.1-10-15, AS AMENDED BY P.L.119-2012, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 15. (a) The acquisition and improvement of land for use by the public as an airport and the maintenance of commercial passenger aircraft is a municipal purpose regardless of whether the airport or maintenance facility is owned or operated by a municipality. The owner of any airport located in this state, who holds a valid and current public airport certificate issued by the Indiana department of transportation, may claim an exemption for only so much of the land as is reasonably necessary to and used for public airport purposes. A

person maintaining commercial passenger aircraft in a county having a population of:

(1) more than two hundred fifty thousand (250,000) but less than two hundred seventy thousand (270,000); or

(2) more than three hundred thousand (300,000) but less than four hundred thousand (400,000);

may claim an exemption for commercial passenger aircraft not subject to the aircraft excise tax under IC 6-6-6.5 that is being assessed under this article, if it is located in the county only for the purposes of maintenance.

(b) The exemption provided by this section is noncumulative and applies only to property that would not otherwise be exempt. Nothing contained in this section applies to or affects any other tax exemption provided by law.

(c) As used in this section, "land used for public airport purposes" includes the following:

(1) That part of airport land used for the taking off or landing of aircraft, taxiways, runway and taxiway lighting, access roads, auto and aircraft parking areas, and all buildings providing basic facilities for the traveling public.

(2) Real property owned by the airport owner and used ~~directly~~ for airport operation and maintenance purposes, **which includes the following property:**

(A) Leased property.

(B) Runway protection zones.

(C) Avigation easements.

(D) Safety and transition areas, as specified in IC 8-21-10 concerning the regulation of tall structures and 14 CFR Part 77 concerning the safe, efficient use and preservation of the navigable airspace.

(E) Land purchased using funds that include grant money provided by the Federal Aviation Administration or the Indiana department of transportation.

(3) Real property used in providing for the shelter, storage, or care of aircraft, including hangars.

(4) Housing for weather and signaling equipment, navigational aids, radios, or other electronic equipment.

The term does not include land areas used solely for purposes unrelated to aviation.

SECTION 12. IC 6-1.1-12-26.2, AS ADDED BY P.L.117-2014, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 26.2. (a) The following definitions apply

throughout this section:

(1) "Barn" means a building (other than a dwelling) that was designed to be used for:

(A) housing animals;

(B) storing or processing crops;

(C) storing and maintaining agricultural equipment; or

(D) serving an essential or useful purpose related to agricultural activities conducted on the adjacent land.

(2) "Heritage barn" means a barn that on the assessment date:

(A) was constructed before 1950; **and**

(B) retains sufficient integrity of design, materials, and construction to clearly identify the building as a barn.

~~(C) is not being used for agricultural purposes in the operation of an agricultural enterprise; and~~

~~(D) is not being used for a business purpose.~~

(3) "Eligible applicant" means:

(A) an owner of a heritage barn; or

(B) a person that is purchasing property, including a heritage barn, under a contract that:

(i) gives the person a right to obtain title to the property upon fulfilling the terms of the contract;

(ii) does not permit the owner to terminate the contract as long as the person buying the property complies with the terms of the contract;

(iii) specifies that during the term of the contract the person must pay the property taxes on the property; and

(iv) has been recorded with the county recorder.

(b) An eligible applicant is entitled to a deduction against the assessed value of the structure and foundation of a heritage barn beginning with assessments after 2014. The deduction is equal to one hundred percent (100%) of the assessed value of the structure and foundation of the heritage barn.

(c) An eligible applicant that desires to obtain the deduction provided by this section must file a certified deduction application with the auditor of the county in which the heritage barn is located. The application may be filed in person or by mail. The application must contain the information and be in the form prescribed by the department of local government finance. If mailed, the mailing must be postmarked on or before the last day for filing.

(d) Subject to subsection (e) and section 45 of this chapter, the application must be filed during the year preceding the year in which the deduction will first be applied. Upon verification of the application

and that the barn was constructed before 1950 by the county assessor of the county in which the property is subject to assessment or by the township assessor of the township in which the property is subject to assessment (if there is a township assessor for the township), the auditor of the county shall allow the deduction.

(e) The auditor of a county shall, in a particular year, apply the deduction provided under this section to the heritage barn of the owner that received the deduction in the preceding year unless the auditor of the county determines that the property is no longer eligible for the deduction **because the barn was not constructed before 1950.** A person that receives a deduction under this section in a particular year and that remains eligible for the deduction in the following year is not required to file an application for the deduction in the following year. A person that receives a deduction under this section in a particular year and that becomes ineligible for the deduction in the following year shall notify the auditor of the county in which the property is located of the ineligibility in the year in which the person becomes ineligible. A deduction under this section terminates following a change in ownership of the heritage barn. However, a deduction under this section does not terminate following the removal of less than all the joint owners of property or purchasers of property under a contract described in subsection (a).

(f) A county fiscal body may adopt an ordinance to require a person receiving the deduction under this section to pay an annual public safety fee for each heritage barn for which the person receives a deduction under this section. The fee may not exceed fifty dollars ($50). The county auditor shall distribute any public safety fees collected under this section equitably among the police and fire departments in whose territories each heritage barn is located. If a county fiscal body adopts an ordinance under this subsection, the county fiscal body shall furnish a copy of the ordinance to the department in the manner prescribed by the department.".

Page 9, line 42, after "body" insert "**may adopt an ordinance to provide that the county assessor be reimbursed for certain costs incurred by the county assessor in defending an appeal under this chapter that is uncommon and infrequent in the normal course of defending appeals under this chapter. Costs include appraisal and expert witness fees incurred in defending an appeal.**

(b) The ordinance must specify:

(1) the appeal or appeals and why they are uncommon and infrequent;

(2) a detailed list of expenses incurred by fund and by parcel

number; and

(3) that the county auditor will deduct the expenses listed in the ordinance from property tax receipts collected in the taxing district in which the parcel is located before apportioning receipts to taxing units for the next semiannual settlement under IC 6-1.1-27.

(c) Property tax receipts that are collected under this section must be deposited in the county fund that incurred the initial expense.".

Delete pages 10 through 19, begin a new paragraph and insert:

"SECTION 13. IC 6-1.1-18.5-25 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 25. (a) The ad valorem property tax levy limits imposed under section 3 of this chapter do not apply to a municipality in a year if all of the following apply:**

(1) The percentage growth in the municipality's assessed value for the preceding year compared to the year before the preceding year is at least two (2) times the statewide average assessed value growth quotient determined under section 2 of this chapter for the preceding year.

(2) The municipality had a population of at least twenty thousand (20,000).

(3) The municipality's population increased by at least two hundred percent (200%) between the last two (2) decennial censuses.

(b) A municipality that meets all of the requirements under subsection (a) may increase its ad valorem property tax levy in excess of the limits imposed under section 3 of this chapter by a percentage equal to the lesser of:

(1) the percentage growth in the municipality's assessed value for the preceding year compared to the year before the preceding year; or

(2) six percent (6%).

(c) A municipality's assessed value growth that results from either annexation or the pass through of assessed value from a tax increment financing district may not be included for the purposes of determining a municipality's assessed value growth under this section.

(d) This section applies to property tax levies imposed after December 31, 2016.

SECTION 14. IC 6-1.1-18.5-26 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS

[EFFECTIVE JULY 1, 2016]: **Sec. 26. (a) This section applies to Howard Township in Washington County.**

(b) If the township fiscal body adopts a resolution:

(1) setting forth a finding that the township's maximum permissible ad valorem property tax levy needs to be increased in excess of the limitations established under section 3 of this chapter; and

(2) approving the submission of a petition by the township executive with the department;

the township executive may submit a petition to the department requesting an increase in the township's maximum permissible ad valorem property tax levy.

(c) If the executive of a township submits a petition under subsection (b), it must be on a form prescribed by the department. If a proper petition is submitted, the department shall increase the township's maximum permissible ad valorem property tax levy for property taxes first due and payable in 2017 by an amount equal to the lesser of the following:

(1) The amount determined by the department to be necessary for the township to carry out the governmental functions committed to it by law.

(2) The amount that represents a ten percent (10%) increase in the township's 2016 maximum permissible ad valorem property tax levy.

(d) The township's 2017 maximum permissible ad valorem property tax levy, after the increase made under this section, is to be used in determining the township's previous year maximum permissible ad valorem property tax levy for the determination under this chapter of the township's maximum permissible ad valorem property tax levy after 2017.

(e) This section expires January 1, 2019.".

Page 20, delete lines 1 through 6.

Page 21, delete lines 29 through 42.

Delete page 22.

Page 23, delete lines 1 through 29.

Page 23, line 30, delete "IC 6-3.6-2-14.5" and insert "IC 6-3.6-2-13.5".

Page 23, line 32, delete "14.5." and insert "**13.5.**".

Page 28, delete lines 16 through 42, begin a new paragraph and insert:

"SECTION 27. IC 36-2-13-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 16. (a) If the county

legislative body adopts an ordinance electing to implement section 15 of this chapter, the county legislative body shall establish a nonreverting county prisoner reimbursement fund.

(b) All amounts collected under section 15 of this chapter must be deposited in the county prisoner reimbursement fund.

(c) Any amount earned from the investment of amounts in the fund becomes part of the fund.

(d) Notwithstanding any other law, upon appropriation by the county fiscal body, amounts in the fund may be used by the county only for the operation, construction, repair, remodeling, enlarging, and equipment of:

(1) a county jail; or

(2) a juvenile detention center to be operated under IC 31-31-8 or IC 31-31-9.

(e) For a county that has a balance in the fund that exceeds the amount needed for the purposes set forth in subsection (d), the fund may be used by the county for the costs of care, maintenance, and housing of prisoners, including the cost of housing prisoners in the facilities of another county.".

Delete pages 29 through 37.

Page 38, delete lines 1 through 23, begin a new paragraph and insert:

"SECTION 28. IC 36-7-15.1-26, AS AMENDED BY P.L.87-2015, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 26. (a) As used in this section:

"Allocation area" means that part of a redevelopment project area to which an allocation provision of a resolution adopted under section 8 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means the following:

(1) If an allocation provision is adopted after June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing an economic development area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

(2) If an allocation provision is adopted after June 30, 1997, in a declaratory resolution or an amendment to a declaratory resolution establishing a redevelopment project area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

(3) If:

(A) an allocation provision adopted before June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing a redevelopment project area expires after June 30, 1997; and

(B) after June 30, 1997, a new allocation provision is included in an amendment to the declaratory resolution;

the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision adopted after June 30, 1997, as adjusted under subsection (h).

(4) Except as provided in subdivision (5), for all other allocation areas, the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h).

(5) If an allocation area established in an economic development area before July 1, 1995, is expanded after June 30, 1995, the definition in subdivision (1) applies to the expanded part of the area added after June 30, 1995.

(6) If an allocation area established in a redevelopment project area before July 1, 1997, is expanded after June 30, 1997, the definition in subdivision (2) applies to the expanded part of the area added after June 30, 1997.

Except as provided in section 26.2 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property. However, upon approval by a resolution of the redevelopment commission adopted before June 1, 1987, "property taxes" also includes taxes imposed under IC 6-1.1 on depreciable personal property. If a redevelopment commission adopted before June 1, 1987, a resolution to include within

the definition of property taxes, taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the commission may by resolution determine the percentage of taxes imposed under IC 6-1.1 on all depreciable personal property that will be included within the definition of property taxes. However, the percentage included must not exceed twenty-five percent (25%) of the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A resolution adopted under section 8 of this chapter on or before the allocation deadline determined under subsection (i) may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A resolution previously adopted may include an allocation provision by the amendment of that resolution on or before the allocation deadline determined under subsection (i) in accordance with the procedures required for its original adoption. A declaratory resolution or amendment that establishes an allocation provision must include a specific finding of fact, supported by evidence, that the adoption of the allocation provision will result in new property taxes in the area that would not have been generated but for the adoption of the allocation provision. For an allocation area established before July 1, 1995, the expiration date of any allocation provisions for the allocation area is June 30, 2025, or the last date of any obligations that are outstanding on July 1, 2015, whichever is later. However, ~~an expiration date imposed by this subsection does not apply to~~ **for** an allocation area identified as the Consolidated Allocation Area in the report submitted in 2013 to the fiscal body under section 36.3 of this chapter, **the expiration date of any allocation provisions for the allocation area is January 1, 2046.** A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, must specify an expiration date for the allocation provision. For an allocation area established before July 1, 2008, the expiration date may not be more than thirty (30) years after the date on which the allocation provision is established. For an allocation area established after June 30, 2008, the expiration date may not be more than twenty-five (25) years after the date on which the first obligation was incurred to pay principal and interest on bonds or lease rentals on leases payable from tax increment revenues. However, with respect to bonds or other obligations that were issued before July 1, 2008, if any of the bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other

obligations are no longer outstanding. The allocation provision may apply to all or part of the redevelopment project area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) The excess of the proceeds of the property taxes imposed for the assessment date with respect to which the allocation and distribution is made that are attributable to taxes imposed after being approved by the voters in a referendum or local public question conducted after April 30, 2010, not otherwise included in subdivision (1) shall be allocated to and, when collected, paid into the funds of the taxing unit for which the referendum or local public question was conducted.

(3) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivisions (1) and (2) shall be allocated to the redevelopment district and, when collected, paid into a special fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds that are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 19 of this chapter.

(D) Pay the principal of and interest on bonds issued by the consolidated city to pay for local public improvements that are physically located in or physically connected to that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 17.1 of this chapter.

(G) Reimburse the consolidated city for expenditures for local public improvements (which include buildings, parking facilities, and other items set forth in section 17 of this chapter) that are physically located in or physically connected to that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility that is physically located in or physically connected to that allocation area under any lease entered into under IC 36-1-10.

(I) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(i) in the allocation area; and

(ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

(J) Pay the costs of carrying out an eligible efficiency project (as defined in IC 36-9-41-1.5) within the unit that established the redevelopment commission. However, property tax proceeds may be used under this clause to pay the costs of carrying out an eligible efficiency project only if those property tax proceeds exceed the amount necessary to do the following:

(i) Make, when due, any payments required under clauses (A) through (I), including any payments of principal and interest on bonds and other obligations payable under this subdivision, any payments of premiums under this subdivision on the redemption before maturity of bonds, and any payments on leases payable under this subdivision.

(ii) Make any reimbursements required under this

subdivision.

(iii) Pay any expenses required under this subdivision.

(iv) Establish, augment, or restore any debt service reserve under this subdivision.

(K) Expend money and provide financial assistance as authorized in section 7(a)(21) of this chapter.

The special fund may not be used for operating expenses of the commission.

(4) Before July 1 of each year, the commission shall do the following:

(A) Determine the amount, if any, by which the assessed value of the taxable property in the allocation area for the most recent assessment date minus the base assessed value, when multiplied by the estimated tax rate of the allocation area will exceed the amount of assessed value needed to provide the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (3) plus the amount necessary for other purposes described in subdivision (3) and subsection (g).

(B) Provide a written notice to the county auditor, the legislative body of the consolidated city, the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area, and (in an electronic format) the department of local government finance. The notice must:

(i) state the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1); or

(ii) state that the commission has determined that there is no excess assessed value that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditor shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the commission. The commission may not authorize an allocation to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (3).

(C) If:

(i) the amount of excess assessed value determined by the commission is expected to generate more than two hundred

percent (200%) of the amount of allocated tax proceeds necessary to make, when due, principal and interest payments on bonds described in subdivision (3); plus

(ii) the amount necessary for other purposes described in subdivision (3) and subsection (g);

the commission shall submit to the legislative body of the unit the commission's determination of the excess assessed value that the commission proposes to allocate to the respective taxing units in the manner prescribed in subdivision (1). The legislative body of the unit may approve the commission's determination or modify the amount of the excess assessed value that will be allocated to the respective taxing units in the manner prescribed in subdivision (1).

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the resolution is the lesser of:

(1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(3) may, subject to subsection (b)(4), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(3).

(e) Notwithstanding any other law, each assessor shall, upon petition of the commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

(1) the assessed value of the property as valued without regard to this section; or

(2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(3) shall establish an allocation fund for the purposes specified in subsection (b)(3) and a special zone fund. Such a unit

shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund the amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) and (b)(2) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(3) for the year. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(3) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) and (b)(2) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) and (b)(2) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund, based on the recommendations of the urban enterprise association, for one (1) or more of the following purposes:

(1) To pay for programs in job training, job enrichment, and basic skill development designed to benefit residents and employers in the enterprise zone. The programs must reserve at least one-half (1/2) of the enrollment in any session for residents of the enterprise zone.

(2) To make loans and grants for the purpose of stimulating business activity in the enterprise zone or providing employment for enterprise zone residents in the enterprise zone. These loans and grants may be made to the following:

(A) Businesses operating in the enterprise zone.

(B) Businesses that will move their operations to the enterprise zone if such a loan or grant is made.

(3) To provide funds to carry out other purposes specified in subsection (b)(3). However, where reference is made in subsection (b)(3) to the allocation area, the reference refers for purposes of payments from the special zone fund only to that part of the allocation area that is also located in the enterprise zone.

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment of real property in an area under IC 6-1.1-4-4 and after each reassessment under a reassessment plan prepared under IC 6-1.1-4-4.2, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the reassessment of the real property in the area on the property tax proceeds allocated to the redevelopment district under this section. After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed

value to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustments under this subsection may not include the effect of property tax abatements under IC 6-1.1-12.1, and these adjustments may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(3) than would otherwise have been received if the general reassessment, reassessment under the reassessment plan, or annual adjustment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

(i) The allocation deadline referred to in subsection (b) is determined in the following manner:

(1) The initial allocation deadline is December 31, 2011.

(2) Subject to subdivision (3), the initial allocation deadline and subsequent allocation deadlines are automatically extended in increments of five (5) years, so that allocation deadlines subsequent to the initial allocation deadline fall on December 31, 2016, and December 31 of each fifth year thereafter.

(3) At least one (1) year before the date of an allocation deadline determined under subdivision (2), the general assembly may enact a law that:

(A) terminates the automatic extension of allocation deadlines under subdivision (2); and

(B) specifically designates a particular date as the final allocation deadline.".

Page 39, after line 42, begin a new paragraph and insert:

"SECTION 30. [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)] **(a) This SECTION applies notwithstanding IC 6-1.1-10, IC 6-1.1-11, or any other law or administrative rule or provision.**

(b) This SECTION applies to an assessment date occurring in 2008 through 2011.

(c) As used in this SECTION, "eligible property" means real property for which a charitable exemption from property taxes was granted for the 2012 through 2015 assessment dates that consists of:

(1) a building owned, occupied, and used for the charitable fundraising activities described in subsection (d) during 2008 through 2015; and

(2) a parking lot that serves the building described in subdivision (1) during 2008 through 2015.

(d) As used in this SECTION, "qualified taxpayer" refers to an Indiana domestic nonprofit corporation that from 2008 through 2015:

(1) owned the eligible property;

(2) held a charity gaming license issued by the Indiana gaming commission under IC 4-32.2; and

(3) used the eligible property to conduct charitable fundraising activities to support its boarding high school.

(e) A qualified taxpayer may, before September 1, 2016, file property tax exemption applications and supporting documents claiming a property tax exemption under IC 6-1.1-10-16 and this SECTION for the eligible property for the 2008 through 2011 assessment dates.

(f) A property tax exemption application filed under subsection (e) by a qualified taxpayer is considered to have been timely filed.

(g) If a qualified taxpayer files the property tax exemption applications under subsection (e) and the county assessor finds that the eligible property would have qualified for an exemption under IC 6-1.1-10-16 for an assessment date described in subsection (e) if the property tax exemption application had been filed under IC 6-1.1-11 in a timely manner for that assessment date, the following apply:

(1) The property tax exemption for the eligible property shall be allowed and granted for that assessment date by the county assessor and county auditor.

(2) The qualified taxpayer is not required to pay any property taxes, penalties, or interest with respect to the eligible property for that assessment date.

(h) The exemption allowed by this SECTION shall be applied without the need for any further ruling or action by the county assessor, the county auditor, or the county property tax assessment board of appeals of the county in which the eligible property is located or by the Indiana board of tax review.

(i) To the extent the qualified taxpayer has paid any property taxes, penalties, or interest with respect to the eligible property for an assessment date described in subsection (e), the eligible taxpayer is entitled to a refund of the amounts paid. Notwithstanding the filing deadlines for a claim in IC 6-1.1-26, any claim for a refund filed by an eligible taxpayer under this subsection before September 1, 2016, is considered timely filed. The county auditor shall pay the refund due under this SECTION in one (1) installment.

(j) This SECTION expires July 1, 2018.

SECTION 31. [EFFECTIVE UPON PASSAGE] **(a) The general assembly urges the legislative council to assign to the interim study committee on fiscal policy during the 2016 legislative interim the study of the fiscal needs of municipalities that have percentage growth in assessed value in a year that was at least two (2) times the percentage growth allowed in property tax levies under IC 6-1.1-18.5.**

(b) This SECTION expires January 1, 2017.".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 308 as reprinted January 29, 2016.)

BROWN T

Committee Vote: yeas 22, nays 0.