SENATE BILL No. 42

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1; IC 6-3; IC 6-3.5; IC 6-8.1-1-1; IC 36-1-8-5.1; IC 36-3-7-6; IC 36-8-15-19; IC 36-9-4-42.

Synopsis: Administration of county income taxes. Provides that for taxable years beginning after December 31, 2015, a county imposing a county income tax (rather than the department of state revenue) has the authority and responsibility for the administration, collection, and enforcement of the tax. Requires taxpayers to file county income tax returns with the county treasurer of the county that imposed the tax. Requires taxpayers to pay county income tax to the county treasurer of the county that imposed the tax. Provides that withholdings of county income taxes shall be remitted to the county treasurer of the county that imposed the tax. Repeals provisions related to: (1) the state collection of county income taxes; and (2) the calculation and distribution by the state of certified distributions of county income taxes. Specifies that certain provisions related to the department of state revenue's administration of state taxes also apply to a county administering a county income tax. Provides that on February 1, 2016, and on November 1, 2016, the auditor of state shall transfer to each county 95% of the balance on those dates of county income tax collections held by the state. Specifies that: (1) the balances remaining after making those transfers shall be used by the state to pay any refunds of county taxes for taxable years beginning before January 1, 2016; and (2) on January 1, 2019, any remaining balances shall be transferred to the county. Makes technical corrections.

Effective: January 1, 2016.

Kruse

January 6, 2015, read first time and referred to Committee on Tax & Fiscal Policy.

Introduced

First Regular Session 119th General Assembly (2015)

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

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

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

SENATE BILL No. 42

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 6-1.1-20.6-10, AS AMENDED BY P.L.137-2012, SECTION 36, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 10. (a) As used in this section, "debt service obligations of a political subdivision" refers to:

(1) the principal and interest payable during a calendar year on bonds; and

(2) lease rental payments payable during a calendar year on leases;

of a political subdivision payable from ad valorem property taxes.

(b) Political subdivisions are required by law to fully fund the payment of their debt obligations in an amount sufficient to pay any debt service or lease rentals on outstanding obligations, regardless of any reduction in property tax collections due to the application of tax credits granted under this chapter.

(c) Upon the failure of a political subdivision to pay any of the political subdivision's debt service obligations during a calendar year

when due, the treasurer of state, upon being notified of the failure by a claimant, shall pay the unpaid debt service obligations that are due from money in the possession of the state that would otherwise be available for distribution to the political subdivision under any other law, deducting the payment from the amount distributed. A deduction under this subsection must be made

~~(1) first from distributions of county adjusted gross income tax distributions under IC 6-3.5-1.1, county option income tax distributions under IC 6-3.5-6, or county economic development income tax distributions under IC 6-3.5-7 that would otherwise be distributed to the county under the schedule in IC 6-3.5-1.1-10, IC 6-3.5-1.1-21.1, IC 6-3.5-6-16, IC 6-3.5-6-17.3, IC 6-3.5-7-17, and IC 6-3.5-7-17.3; and~~

~~(2) second~~ from any ~~other~~ undistributed funds of the political subdivision in the possession of the state.

(d) This section shall be interpreted liberally so that the state shall to the extent legally valid ensure that the debt service obligations of each political subdivision are paid when due. However, this section does not create a debt of the state.

SECTION 2. IC 6-1.1-30-17, AS AMENDED BY P.L.137-2012, SECTION 39, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 17. (a) Except as provided in subsection (c) and subject to subsection (d), the department of state revenue and the auditor of state shall, when requested by the department of local government finance, withhold a percentage of the ~~distributions of county adjusted gross income tax distributions under IC 6-3.5-1.1, county option income tax distributions under IC 6-3.5-6, or county economic development income tax distributions under IC 6-3.5-7 that would otherwise be distributed to the county under the schedules in IC 6-3.5-1.1-10, IC 6-3.5-1.1-21.1, IC 6-3.5-6-17, IC 6-3.5-6-17.3, IC 6-3.5-7-16, and IC 6-3.5-7-17.3,~~ **state funds that would otherwise be distributed to the county,** if:

(1) the county assessor has not transmitted to the department of local government finance by October 1 of the year in which the distribution is scheduled to be made the data for all townships in the county required to be transmitted under IC 6-1.1-4-25;

(2) the county auditor has not paid a bill for services under IC 6-1.1-4-31.5 to the department of local government finance in a timely manner;

(3) the county assessor has not forwarded to the department of local government finance in a timely manner sales disclosure form data under IC 6-1.1-5.5-3;

(4) the county auditor has not forwarded to the department of local government finance the duplicate copies of all approved exemption applications required to be forwarded by that date under IC 6-1.1-11-8(a);

(5) by the date the distribution is scheduled to be made, the county auditor has not sent a certified statement required to be sent by that date under IC 6-1.1-17-1 to the department of local government finance;

(6) the county does not maintain a certified computer system that meets the requirements of IC 6-1.1-31.5-3.5;

(7) the county auditor has not transmitted the data described in IC 36-2-9-20 to the department of local government finance in the form and on the schedule specified by IC 36-2-9-20;

(8) the county has not established a parcel index numbering system under 50 IAC 23-8-1 in a timely manner;

(9) a county official has not provided other information to the department of local government finance in a timely manner as required by the department of local government finance; or

(10) the department of local government finance incurs additional costs to assist a covered county (as defined in IC 6-1.1-22.6-1) to issue tax statements within the time frame specified in IC 6-1.1-22.6-18(b) for each year that the county experienced delayed property taxes (as defined in IC 6-1.1-22.6-2) before the year in which the county qualifies as a covered county.

The percentage to be withheld is the percentage determined by the department of local government finance. However, the percentage withheld for a reason stated in subdivision (10) may not exceed the percentage needed to reimburse the department of local government finance for the costs incurred by the department of local government finance to take the actions necessary to permit a covered county (as defined in IC 6-1.1-22.6-1) to issue reconciling tax statements for prior year delayed property taxes (as defined in IC 6-1.1-22.6-2) within the time frame specified in IC 6-1.1-22.6-18(b). The county governmental taxing unit of a covered county (as defined in IC 6-1.1-22.6-1) shall reimburse the department of local government finance for these expenses. The amount withheld under subdivision (10) reduces only the amount that would otherwise be distributed to the county governmental taxing unit of a covered county (as defined in IC 6-1.1-22.6-1) and not money distributable to any other political subdivision. The withholding of an amount under subdivision (10) does not relieve the county government of a covered county (as defined in IC 6-1.1-22.6-1) from making bond or lease payments that would

otherwise be paid from withheld amounts or providing property tax credits that would otherwise be provided under IC 6-3.5 from withheld amounts. Subdivision (10) does not apply to any county other than a covered county (as defined in IC 6-1.1-22.6-1).

(b) Except as provided in subsection (e), money not distributed for the reasons stated in subsection (a) shall be distributed to the county when the department of local government finance determines that the failure to:

(1) provide information; or

(2) pay a bill for services;

has been corrected.

(c) The restrictions on distributions under subsection (a) do not apply if the department of local government finance determines that the failure to:

(1) provide information; or

(2) pay a bill for services;

in a timely manner is justified by unusual circumstances.

(d) The department of local government finance shall give the county auditor at least thirty (30) days notice in writing before the department of state revenue or the auditor of state withholds a distribution under subsection (a).

(e) Money not distributed for the reason stated in subsection (a)(2) may be deposited in the fund established by IC 6-1.1-5.5-4.7(a). Money deposited under this subsection is not subject to distribution under subsection (b).

~~(f) This subsection applies to a county that will not receive a distribution under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7. At the request of the department of local government finance, an amount permitted to be withheld under subsection (a) may be withheld from any state revenues that would otherwise be distributed to the county or one (1) or more taxing units in the county.~~

SECTION 3. IC 6-3-4-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: **Sec. 0.5. (a) As provided in IC 6-3.5-7.5, in the case of a tax imposed under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7, for taxable years beginning after December 31, 2015, the county imposing the tax has the authority and responsibility for the administration, collection, and enforcement of the tax.**

(b) For taxable years beginning after December 31, 2015, returns for taxes imposed under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 shall be filed with the county treasurer of the county imposing the tax, rather than being filed with the department.

(c) For taxable years beginning after December 31, 2015, payments for taxes imposed under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 (including the payment of estimated taxes) shall be made to the county treasurer of the county imposing the tax, rather than being made to the department.

(d) For taxable years beginning after December 31, 2015, withholdings for taxes imposed under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 shall be remitted to the county treasurer of the county imposing the tax, rather than being remitted to the department.

(e) Except as otherwise provided and unless the context clearly denotes otherwise, the provisions of this chapter concerning:

(1) filing a return (including the due date for filing a return);

(2) reporting and making estimated payments (including the due date for reporting and making estimated payments);

(3) furnishing copies of returns;

(4) filing amended returns;

(5) withholding, including an employer's duties related to withholding, collecting, and paying over tax from wages of employees;

(6) liability for taxes; and

(7) penalties;

apply to the county administration of taxes imposed under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015, except that any reference to the department shall be considered a reference to the county treasurer.

(f) IC 6-3-4-1.5 does not apply to returns filed with a county treasurer under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7.

SECTION 4. IC 6-3-4-3, AS AMENDED BY P.L.172-2011, SECTION 58, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 3. Returns required to be made pursuant to section 1 of this chapter shall be filed with the department **or (in the case of a county adjusted gross income tax return, county option income tax return, or county economic development income tax return under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015) with the county treasurer** on or before the later of the following:

(1) The 15th day of the fourth month following the close of the taxable year.

(2) For a corporation whose federal tax return is due on or after the date set forth in subdivision (1), as determined without regard to any extensions, weekends, or holidays, the 15th day of the month following the due date of the federal tax return.

SECTION 5. IC 6-3-4-4.1, AS AMENDED BY P.L.1-2009, SECTION 50, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 4.1. (a) Any individual required by the Internal Revenue Code to file estimated tax returns and to make payments on account of such estimated tax shall file estimated tax returns and make payments of the tax imposed by this article to the department **or (in the case of an individual required to file a county adjusted gross income tax return, county option income tax return, or county economic development income tax return under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015) the county treasurer** at the time or times and in the installments as provided by Section 6654 of the Internal Revenue Code. However, the following apply to estimated tax returns filed and payments made under this subsection:

(1) In applying Section 6654 of the Internal Revenue Code for the purposes of this article, "estimated tax" means the amount which the individual estimates as the amount of the adjusted gross income tax imposed by this article for the taxable year, minus the amount which the individual estimates as the sum of any credits against the tax provided by IC 6-3-3.

(2) Estimated tax for a nonresident alien (as defined in Section 7701 of the Internal Revenue Code) must be computed by applying not more than one (1) exclusion under IC 6-3-1-3.5(a)(3) and IC 6-3-1-3.5(a)(4), regardless of the total number of exclusions that IC 6-3-1-3.5(a)(3) and IC 6-3-1-3.5(a)(4) permit the taxpayer to apply on the taxpayer's final return for the taxable year.

(b) Every individual who has adjusted gross income subject to the tax imposed by this article and from which tax is not withheld under the requirements of section 8 of this chapter shall make a declaration of estimated tax for the taxable year. However, no such declaration shall be required if the estimated tax can reasonably be expected to be less than one thousand dollars ($1,000). In the case of an underpayment of the estimated tax as provided in Section 6654 of the Internal Revenue Code, there shall be added to the tax a penalty in an amount prescribed by IC 6-8.1-10-2.1(b).

(c) Every corporation subject to the adjusted gross income tax liability imposed by this article shall be required to report and pay an estimated tax equal to the lesser of:

(1) twenty-five percent (25%) of such corporation's estimated adjusted gross income tax liability for the taxable year; or

(2) the annualized income installment calculated in the manner

provided by Section 6655(e) of the Internal Revenue Code as applied to the corporation's liability for adjusted gross income tax.

A taxpayer who uses a taxable year that ends on December 31 shall file the taxpayer's estimated adjusted gross income tax returns and pay the tax to the department on or before April 20, June 20, September 20, and December 20 of the taxable year. If a taxpayer uses a taxable year that does not end on December 31, the due dates for filing estimated adjusted gross income tax returns and paying the tax are on or before the twentieth day of the fourth, sixth, ninth, and twelfth months of the taxpayer's taxable year. The department shall prescribe the manner and forms for such reporting and payment.

(d) The penalty prescribed by IC 6-8.1-10-2.1(b) shall be assessed by the department on corporations failing to make payments as required in subsection (c) or (f). However, no penalty shall be assessed as to any estimated payments of adjusted gross income tax which equal or exceed:

(1) the annualized income installment calculated under subsection (c); or

(2) twenty-five percent (25%) of the final tax liability for the taxpayer's previous taxable year.

In addition, the penalty as to any underpayment of tax on an estimated return shall only be assessed on the difference between the actual amount paid by the corporation on such estimated return and twenty-five percent (25%) of the corporation's final adjusted gross income tax liability for such taxable year.

(e) The provisions of subsection (c) requiring the reporting and estimated payment of adjusted gross income tax shall be applicable only to corporations having an adjusted gross income tax liability which, after application of the credit allowed by IC 6-3-3-2 (repealed), shall exceed two thousand five hundred dollars ($2,500) for its taxable year.

(f) If the department determines that a corporation's:

(1) estimated quarterly adjusted gross income tax liability for the current year; or

(2) average estimated quarterly adjusted gross income tax liability for the preceding year;

exceeds five thousand dollars ($5,000), after the credit allowed by IC 6-3-3-2 (repealed), the corporation shall pay the estimated adjusted gross income taxes due by electronic funds transfer (as defined in IC 4-8.1-2-7) or by delivering in person or overnight by courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the

date the tax is due.

(g) If a corporation's adjusted gross income tax payment is made by electronic funds transfer, the corporation is not required to file an estimated adjusted gross income tax return.

~~(h) An individual filing an estimated tax return and making an estimated tax payment under this section must designate:~~

~~(1) the portion of the estimated tax payment that represents estimated state adjusted gross income tax liability; and~~

~~(2) the portion of the estimated tax payment that represents estimated local income tax liability under IC 6-3.5.~~

~~The department shall adopt guidelines and issue instructions as necessary to assist individuals in making the designations required by this subsection.~~

SECTION 6. IC 6-3-4-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 5. When a return of tax is required pursuant to sections 1 and 3 of this chapter, the taxpayer required to make such return shall, without assessment or notice and demand from the department **or the county treasurer,** pay such tax to the department **or the county treasurer (in the case of an individual required to file a county adjusted gross income tax return, county option income tax return, or county economic development income tax return under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015)** at the time fixed for filing the return without regard to any extension of time for filing the return. In making a return and paying tax for any taxable year, a taxpayer shall take credit for any tax previously paid by ~~him~~ **the taxpayer** for such taxable year.

SECTION 7. IC 6-3-4-6, AS AMENDED BY P.L.172-2011, SECTION 59, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 6. (a) Any taxpayer, upon request by the:

(1) department; **or**

(2) county treasurer (in the case of an individual required to file a county adjusted gross income tax return, county option income tax return, or county economic development income tax return under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015);

shall furnish to the department **or county treasurer (as applicable)** a true and correct copy of any tax return which the taxpayer has filed with the United States Internal Revenue Service which copy shall be certified to by the taxpayer under penalties of perjury.

(b) Each taxpayer shall notify the department of any modification of:

(1) a federal income tax return filed by the taxpayer after January 1, 1978; or

(2) the taxpayer's federal income tax liability for a taxable year which begins after December 31, 1977.

The taxpayer shall file the notice on the form prescribed by the department within one hundred twenty (120) days after the modification is made if the modification was made before January 1, 2011, and one hundred eighty (180) days after the modification is made if the modification is made after December 31, 2010.

(c) In the case of a tax imposed under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015, each taxpayer shall notify the county treasurer with whom the taxpayer's tax return was filed of any modification of:

(1) a federal income tax return filed by the taxpayer after December 31, 2015; or

(2) the taxpayer's federal income tax liability for a taxable year that begins after December 31, 2015.

The taxpayer shall file the notice on the form prescribed by the county treasurer not later than one hundred eighty (180) days after the modification is made.

~~(c)~~ **(d)** If the federal modification results in a change in the taxpayer's federal or Indiana adjusted gross income, the taxpayer shall file an Indiana amended return within one hundred twenty (120) days after the modification is made if the modification was made before January 1, 2011, and one hundred eighty (180) days after the modification is made if the modification is made after December 31, 2010. **If the federal modification results in a change in the taxpayer's federal or Indiana adjusted gross income for taxable years beginning after December 31, 2015, the taxpayer shall file an amended tax return under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 (as applicable) with the county treasurer with whom the taxpayer's county tax return was originally filed within one hundred eighty (180) days after the modification is made.**

SECTION 8. IC 6-3-4-8, AS AMENDED BY P.L.158-2013, SECTION 86, AND AS AMENDED BY P.L.293-2013(ts), SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 8. (a) Except as provided in subsection (d), every employer making payments of wages subject to tax under this article, regardless of the place where such payment is made, who is required under the provisions of the Internal Revenue Code to withhold, collect, and pay over income tax on wages paid by such employer to such employee, shall, at the time of payment of such

wages, deduct and retain therefrom the amount prescribed in withholding instructions issued by the department. The department shall base its withholding instructions on the adjusted gross income tax rate for persons, on the total rates of any income taxes that the taxpayer is subject to under IC 6-3.5, and on the total amount of exclusions the taxpayer is entitled to under IC 6-3-1-3.5(a)(3) and IC 6-3-1-3.5(a)(4). However, the withholding instructions on the adjusted gross income of a nonresident alien (as defined in Section 7701 of the Internal Revenue Code) are to be based on applying not more than one (1) withholding exclusion, regardless of the total number of exclusions that IC 6-3-1-3.5(a)(3) and IC 6-3-1-3.5(a)(4) permit the taxpayer to apply on the taxpayer's final return for the taxable year. Such employer making payments of any wages:

(1) shall be liable to the state of Indiana for the payment of the tax required to be deducted and withheld under this section and shall not be liable to any individual for the amount deducted from the individual's wages and paid over in compliance or intended compliance with this section; and

(2) shall make return of and payment to the department monthly of the amount of tax which under this article and IC 6-3.5 the employer is required to withhold.

(b) An employer shall pay taxes withheld under subsection (a) during a particular month to the department **or (in the case of county adjusted gross income tax, county option income tax, or county economic development income tax under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015) to the appropriate county treasurer** no later than thirty (30) days after the end of that month. However, in place of monthly reporting periods, the department **or county treasurer** may permit an employer to report and pay the tax for a calendar year reporting period, if the *average monthly* amount of all tax required to be withheld by the employer in the previous calendar year does not exceed one thousand dollars ($1,000). An employer using a reporting period (other than a monthly reporting period) must file the employer's return and pay the tax for a reporting period no later than the last day of the month immediately following the close of the reporting period.

(c) For purposes of determining whether an employee is subject to taxation under IC 6-3.5, an employer is entitled to rely on the statement of an employee as to the employee's county of residence as represented by the statement of address in forms claiming exemptions for purposes of withholding, regardless of when the employee supplied the forms. Every employee shall notify the employee's employer within five (5)

days after any change in the employee's county of residence.

(d) A county that makes payments of wages subject to tax under this article:

(1) to a precinct election officer (as defined in IC 3-5-2-40.1); and

(2) for the performance of the duties of the precinct election officer imposed by IC 3 that are performed on election day;

is not required, at the time of payment of the wages, to deduct and retain from the wages the amount prescribed in withholding instructions issued by the department.

(e) Every employer shall, at the time of each payment made by the employer to the department ~~deliver~~ **or to the county, do the following:**

(1) In the case of a payment made to the department, the employer shall deliver to the department a return upon the form prescribed by the department showing:

~~(1)~~ **(A)** the total amount of wages paid to the employer's employees;

~~(2)~~ **(B)** the amount deducted therefrom in accordance with the provisions of the Internal Revenue Code;

~~(3)~~ **(C)** the amount of adjusted gross income tax deducted therefrom in accordance with the provisions of this section;

~~(4)~~ **(D)** the amount of income tax, if any, imposed under IC 6-3.5 and deducted therefrom in accordance with this section; and

~~(5)~~ **(E)** any other information the department may require.

(2) In the case of a payment to a county for county adjusted gross income tax, county option income tax, or county economic development income tax under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015, the employer shall deliver to the county a return upon the form prescribed by the county showing:

(A) the total amount of wages paid to the employer's employees;

(B) the amount deducted in accordance with the Internal Revenue Code;

(C) the amount of adjusted gross income tax deducted in accordance with this section;

(D) the amount of income tax, if any, imposed under IC 6-3.5 and deducted in accordance with this section; and

(E) any other information the county may require to collect the tax under IC 6-3.5.

Every employer making a declaration of withholding as provided in this section shall furnish the employer's employees annually, but not later

than thirty (30) days after the end of the calendar year, a record of the total amount of adjusted gross income tax and the amount of each income tax, if any, imposed under IC 6-3.5, withheld from the employees, on the forms prescribed by the department.

(f) All money deducted and withheld by an employer shall immediately upon such deduction be the money of the state **or (in the case of county adjusted gross income tax, county option income tax, or county economic development income tax under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015) the county,** and every employer who deducts and retains any amount of money under the provisions of this article shall hold the same in trust for the state of Indiana **or (in the case of county adjusted gross income tax, county option income tax, or county economic development income tax under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015) the county** and for payment thereof to the department **or county (as appropriate)** in the manner and at the times provided in this article. Any employer may be required to post a surety bond in the sum the department **or (in the case of county adjusted gross income tax, county option income tax, or county economic development income tax under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015) the county** determines to be appropriate to protect the state **or county (as appropriate)** with respect to money withheld pursuant to this section.

(g) The provisions of IC 6-8.1 relating to additions to tax in case of delinquency and penalties shall apply to employers subject to the provisions of this section, and for these purposes any amount deducted or required to be deducted and remitted to the department under this section **or (in the case of county adjusted gross income tax, county option income tax, or county economic development income tax under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015) to a county under this section** shall be considered to be the tax of the employer, and with respect to such amount the employer shall be considered the taxpayer. In the case of a corporate or partnership employer, every officer, employee, or member of such employer, who, as such officer, employee, or member is under a duty to deduct and remit such taxes, shall be personally liable for such taxes, penalties, and interest.

(h) Amounts deducted from wages of an employee during any calendar year in accordance with the provisions of this section shall be considered to be in part payment of the tax imposed on such employee for the employee's taxable year which begins in such calendar year, and

a return made by the employer under subsection (b) shall be accepted by the department **or (in the case of county adjusted gross income tax, county option income tax, or county economic development income tax under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015) by the county** as evidence in favor of the employee of the amount so deducted from the employee's wages. Where the total amount so deducted exceeds the amount of tax on the employee as computed under this article, ~~and IC 6-3.5,~~ the department shall, after examining the return or returns filed by the employee in accordance with this article, ~~and IC 6-3.5,~~ refund the amount of the excess deduction. However, under rules promulgated by the department, the excess or any part thereof may be applied to any taxes or other claim due from the taxpayer to the state of Indiana or any subdivision thereof. **In the case of county adjusted gross income tax, county option income tax, or county economic development income tax under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015, if the total amount deducted exceeds the amount of tax on the employee as computed under IC 6-3.5, the county treasurer shall, after examining the return or returns filed by the employee in accordance with IC 6-3.5, refund the amount of the excess deduction. However, under an ordinance adopted by the county, the excess or any part of the excess may be applied to any taxes or other claim due from the taxpayer to the county.** No refund shall be made to an employee who fails to file the employee's return or returns as required under this article and IC 6-3.5 within two (2) years from the due date of the return or returns. In the event that the excess tax deducted is less than one dollar ($1), no refund shall be made.

(i) This section shall in no way relieve any taxpayer from the taxpayer's obligation of filing a return or returns at the time required under this article and IC 6-3.5, and, should the amount withheld under the provisions of this section be insufficient to pay the total tax of such taxpayer, such unpaid tax shall be paid at the time prescribed by section 5 of this chapter.

(j) Notwithstanding subsection (b), an employer of a domestic service employee that enters into an agreement with the domestic service employee to withhold federal income tax under Section 3402 of the Internal Revenue Code may withhold Indiana income tax on the domestic service employee's wages on the employer's Indiana individual income tax return in the same manner as allowed by Section 3510 of the Internal Revenue Code.

(k) To the extent allowed by Section 1137 of the Social Security

Act, an employer of a domestic service employee may report and remit state unemployment insurance contributions on the employee's wages on the employer's Indiana individual income tax return in the same manner as allowed by Section 3510 of the Internal Revenue Code.

(l) A person who knowingly fails to remit trust fund money as set forth in this section commits a ~~*Class D*~~ *Level 6* felony.

SECTION 9. IC 6-3-4-15.7, AS AMENDED BY P.L.146-2008, SECTION 320, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 15.7. (a) The payor of a periodic or nonperiodic distribution under an annuity, a pension, a retirement, or other deferred compensation plan, as described in Section 3405 of the Internal Revenue Code, that is paid to a resident of this state shall, upon receipt from the payee of a written request for state **and county** income tax withholding, withhold the requested amount from each payment. The request must:

(1) be dated and signed by the payee;

(2) specify the flat whole dollar amount to be withheld from each payment;

(3) designate the portion of the withheld amount that represents estimated state adjusted gross income tax liability and the portion of the withheld amount that represents estimated local income tax liability under IC 6-3.5 **that will be remitted to the county treasurer under IC 6-3-4-0.5;** and

(4) specify the payee's name, current address, taxpayer identification number, and the contract, policy, or account number to which the request applies.

The request shall remain in effect until the payor receives in writing from the payee a change in or revocation of the request. The department shall adopt guidelines and issue instructions as necessary to assist individuals in making the designations required by subdivision (3).

(b) The payor is not required to withhold state **and county** income tax from a payment if the amount to be withheld is less than ten dollars ($10) or if the amount to be withheld would reduce the affected payment to less than ten dollars ($10).

(c) The payor is responsible for custody of withheld funds, for reporting withheld funds to the state, **the county,** and ~~to~~ the payee, and for remitting withheld funds to the state **and the county** in the same manner as is done for wage withholding, including utilization of federal forms and participation by Indiana in the combined Federal/State Filing Program on magnetic media.

SECTION 10. IC 6-3-4-17, AS AMENDED BY P.L.42-2011,

SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 17. ~~Beginning after December 31, 2010,~~ The department and the office of management and budget shall:

(1) develop a quarterly report that summarizes the amount reported to and processed by the department under ~~section 4.1(h) of this chapter,~~ section 15.7(a)(3) of this chapter, IC 6-3.5-1.1-18(c), IC 6-3.5-6-22(c), and IC 6-3.5-7-18(c) for each county; and

(2) make the quarterly report available to county auditors within forty-five (45) days after the end of the calendar quarter.

SECTION 11. IC 6-3-6-10, AS AMENDED BY P.L.158-2013, SECTION 87, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 10. (a) A taxpayer subject to taxation under this article shall keep and preserve records and any other books or accounts as required by IC 6-8.1-5-4. All the records shall be kept open for examination at any time by the department or its authorized agents **or (in the case of a tax imposed under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015) by the county treasurer or the county treasurer's authorized agents.** A taxpayer who violates this subsection or fails to comply with the request of the department **or (in the case of a tax imposed under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015) the request of a county treasurer** pursuant to IC 6-3-4-6 commits a Class A misdemeanor.

(b) It is a Level 6 felony for a taxpayer to make false entries in the taxpayer's books, or to keep more than one (1) set of books, with intent to defraud the state **or a county** or **to** evade the payment of the tax, or any part thereof, imposed by this article.

SECTION 12. IC 6-3-6-11, AS AMENDED BY P.L.158-2013, SECTION 88, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 11. (a) It is a Level 6 felony for a taxpayer to fail to make any return required to be made under this article, or to make any false return or false statement in any return, with intent to defraud the state **or a county** or to evade the payment of the tax, or any part thereof, imposed by this article. It is a Level 6 felony for a person to knowingly fail to permit the examination of any book, paper, account, record, or other data by the department or its authorized agents **or (in the case of a tax imposed under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015) by the county treasurer or the county treasurer's authorized agents,** as required by this article, to knowingly fail to permit the inspection or appraisal of any property by

the department or its authorized agents **or (in the case of a tax imposed under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015) by the county treasurer or the county treasurer's authorized agents,** or to knowingly refuse to offer testimony or produce any record as required in this article.

(b) The attorney general has concurrent jurisdiction with the prosecuting attorney in instituting and prosecuting actions under this section.

SECTION 13. IC 6-3.5-1.1-1.1, AS AMENDED BY P.L.182-2009(ss), SECTION 209, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 1.1. (a) For purposes of allocating the ~~certified distribution made to~~ **revenue received by** a county under this chapter among the civil taxing units and school corporations in the county, the allocation amount for a civil taxing unit or school corporation is the amount determined using the following formula:

STEP ONE: Determine the sum of the total property taxes being collected by the civil taxing unit or school corporation during the calendar year of the ~~distribution.~~ **allocation.**

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 (b).

(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 (c).

(C) The proceeds of any property that are:

(i) received as the result of the issuance of a debt obligation described in clause (A) or a lease described in clause (B); and

(ii) appropriated from property taxes for any purpose other than to refund or otherwise refinance a debt obligation or lease described in subsection (b) or (c).

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 or school corporation's certified distribution for the previous calendar year **(for allocation amounts determined under this chapter before January 1, 2017) or the civil taxing unit's or school corporation's**

allocation of tax revenue under this chapter for the previous calendar year (for allocation amounts determined under this chapter after December 31, 2016).

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

(b) 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 or school corporation if:

(1) the debt obligation was issued; and

(2) the proceeds 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.

(c) 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 or school corporation 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 14. IC 6-3.5-1.1-2.3, AS AMENDED BY P.L.77-2011, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 2.3. (a) This section applies to Jasper County.

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

(1) finance, construct, acquire, improve, renovate, or equip:
(A) jail facilities;
(B) juvenile court, detention, and probation facilities;
(C) other criminal justice facilities; and
(D) related buildings and parking facilities;
located in the county, including costs related to the demolition of existing buildings and the acquisition of land; and
(2) repay bonds issued or leases entered into for the purposes described in subdivision (1).

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

(d) In addition to the rates permitted by section 2 of this chapter, the county council may impose the county adjusted gross income tax at a rate of:
(1) fifteen-hundredths percent (0.15%);
(2) two-tenths percent (0.2%); or
(3) twenty-five hundredths percent (0.25%);
on the adjusted gross income of county taxpayers if the county council makes a finding and determination set forth in subsection (b) or (c).

(e) If the county council imposes the tax under this section to pay for the purposes described in both subsections (b) and (c), when:
(1) the financing, construction, acquisition, improvement, renovation, and equipping described in subsection (b) are completed; and
(2) all bonds issued or leases entered into to finance the construction, acquisition, improvement, renovation, and equipping described in subsection (b) are fully paid;
the county council shall, subject to subsection (d), establish a tax rate under this section by ordinance such that the revenue from the tax does not exceed the costs of operating and maintaining the jail facilities described in subsection (b)(1)(A). The tax rate may not be imposed at a rate greater than is necessary to carry out the purposes described in subsections (b) and (c), as applicable.

(f) The tax imposed under this section may be imposed only until the latest of the following:
(1) The date on which the financing, construction, acquisition, improvement, renovation, and equipping described in subsection (b) are completed.

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

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

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

(h) The county treasurer shall establish a criminal justice facilities revenue fund to be used only for purposes described in this section. County adjusted gross income tax revenues derived from the tax rate imposed under this section shall be deposited in the criminal justice facilities revenue fund before making ~~a certified distribution~~ **distributions** under section 11 of this chapter.

(i) County adjusted gross income tax revenues derived from the tax rate imposed under this section:

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

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

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

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

SECTION 15. IC 6-3.5-1.1-2.7, AS AMENDED BY P.L.119-2012, SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 2.7. (a) This section applies to Wayne County.

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

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

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

and related buildings and parking facilities, including costs related to the demolition of existing buildings and the acquisition of land.

(c) In addition to the rates permitted by section 2 of this chapter, the county council may impose the county adjusted gross income tax at a rate of:

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

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

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

on the adjusted gross income of county taxpayers if the county council makes the finding and determination set forth in subsection (b). The tax imposed under this section may be imposed only until the later of the date on which the financing on, acquisition, improvement, renovation, and equipping described in subsection (b) is completed or the date on which the last of any bonds issued or leases entered into to finance the construction, acquisition, improvement, renovation, and equipping described in subsection (b) are fully paid. The term of the bonds issued (including any refunding bonds) or a lease entered into under subsection (b)(2) may not exceed twenty (20) years.

(d) If the county council makes a determination under subsection (b), the county council may adopt a tax rate under subsection (c). The tax rate may not be imposed at a rate greater than is necessary to pay the costs of financing, acquiring, improving, renovating, and equipping the county jail and related buildings and parking facilities, including costs related to the demolition of existing buildings and the acquisition of land.

(e) The county treasurer shall establish a county jail revenue fund to be used only for purposes described in this section. County adjusted gross income tax revenues derived from the tax rate imposed under this section shall be deposited in the county jail revenue fund before making ~~a certified distribution~~ **distributions** under section 11 of this chapter.

(f) County adjusted gross income tax revenues derived from the tax rate imposed under this section:

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

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

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

(g) Wayne County possesses unique economic development challenges due to underemployment in relation to similarly situated

counties. Maintaining low property tax rates is essential to economic development and the use of county adjusted gross income tax revenues as provided in this chapter to pay any bonds issued or leases entered into to finance the construction, acquisition, improvement, renovation, and equipping described under subsection (b), rather than use of property taxes, promotes that purpose.

(h) Notwithstanding any other law, funds accumulated from the county adjusted gross income tax imposed under this section after:

(1) the redemption of bonds issued; or

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

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

SECTION 16. IC 6-3.5-1.1-2.8, AS AMENDED BY P.L.119-2012, SECTION 39, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 2.8. (a) This section applies to the following counties:

(1) Elkhart County.

(2) Marshall County.

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

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

(A) jail facilities;

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

(C) other criminal justice facilities; and

(D) related buildings and parking facilities;

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

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

(c) The county council may, by ordinance, determine that additional county adjusted gross income tax revenue is needed in the county to operate or maintain:

(1) jail facilities;

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

(3) other criminal justice facilities; and

(4) related buildings and parking facilities;

located in the county. A county council of a county named in subsection (a)(1) or (a)(2) may make a determination under both this subsection and subsection (b).

(d) In addition to the rates permitted by section 2 of this chapter, the

county council may impose the county adjusted gross income tax at a rate of:

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

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

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

on the adjusted gross income of county taxpayers if the county council makes a finding and determination set forth in subsection (b) or (c). The tax rate may not be imposed at a rate greater than is necessary to carry out the purposes described in subsections (b) and (c), as applicable.

(e) This subsection applies only to Elkhart County. If the county council imposes the tax under this section to pay for the purposes described in both subsections (b) and (c), when:

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

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

the county council shall, subject to subsection (d), establish a tax rate under this section by ordinance such that the revenue from the tax does not exceed the costs of operating and maintaining the jail facilities referred to in subsection (b)(1)(A).

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

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

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

(3) If the county imposing the tax under this section is Elkhart County, the date on which an ordinance adopted under subsection (c) is rescinded.

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

(h) The county treasurer shall establish a criminal justice facilities revenue fund to be used only for purposes described in this section. County adjusted gross income tax revenues derived from the tax rate

imposed under this section shall be deposited in the criminal justice facilities revenue fund before making ~~a certified distribution~~ **distributions** under section 11 of this chapter.

(i) County adjusted gross income tax revenues derived from the tax rate imposed under this section:

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

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

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

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

SECTION 17. IC 6-3.5-1.1-2.9, AS AMENDED BY P.L.119-2012, SECTION 40, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 2.9. (a) This section applies to Daviess County.

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

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

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

(c) In addition to the rates permitted by section 2 of this chapter, the county council may impose the county adjusted gross income tax at a rate of:

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

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

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

on the adjusted gross income of county taxpayers if the county council makes the finding and determination set forth in subsection (b). The tax imposed under this section may be imposed only until the later of the

date on which the financing on, acquisition, improvement, renovation, remodeling, and equipping described in subsection (b) are completed or the date on which the last of any bonds issued or leases entered into to finance the construction, acquisition, improvement, renovation, remodeling, and equipping described in subsection (b) are fully paid. The term of the bonds issued (including any refunding bonds) or a lease entered into under subsection (b)(2) may not exceed twenty-five (25) years.

(d) If the county council makes a determination under subsection (b), the county council may adopt a tax rate under subsection (c). The tax rate may not be imposed at a rate greater than is necessary to pay the costs of financing, acquiring, improving, renovating, remodeling, and equipping the county jail and related buildings and parking facilities, including costs related to the demolition of existing buildings, the acquisition of land, and any other reasonably related costs.

(e) The county treasurer shall establish a county jail revenue fund to be used only for purposes described in this section. County adjusted gross income tax revenues derived from the tax rate imposed under this section shall be deposited in the county jail revenue fund before making ~~a certified distribution~~ **distributions** under section 11 of this chapter.

(f) County adjusted gross income tax revenues derived from the tax rate imposed under this section:

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

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

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

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

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

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

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

The use of county adjusted gross income tax revenues as provided in this chapter is necessary for the county to provide adequate jail

capacity in the county and to maintain low property tax rates essential to economic development. The use of county adjusted gross income tax revenues as provided in this chapter to pay any bonds issued or leases entered into to finance the construction, acquisition, improvement, renovation, remodeling, and equipping described in subsection (b), rather than the use of property taxes, promotes those purposes.

(h) Notwithstanding any other law, funds accumulated from the county adjusted gross income tax imposed under this section after:

(1) the redemption of bonds issued; or

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

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

SECTION 18. IC 6-3.5-1.1-3.3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 3.3. (a) This section applies only to a county that:

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

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

(B) has not been terminated;

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

(A) American Correctional Association Jail Construction Standards; and

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

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

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

(1) located in; and

(2) operated by;

the county.

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

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

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

and related buildings and parking facilities, including costs related to the demolition of existing buildings and the acquisition of land.

(d) In addition to the rates permitted by section 2 of this chapter, the county council may impose the county adjusted gross income tax at a rate of twenty-five hundredths percent (0.25%) on the adjusted gross income of county taxpayers if the county council makes the finding and determination set forth in subsection (c). The tax imposed under this section may be imposed only until the later of the date on which the financing on acquisition, improvement, renovation, and equipping described in subsection (c) is completed or the date on which the last of any bonds issued or leases entered into to finance the construction, acquisition, improvement, renovation, and equipping described in subsection (c) are fully paid. The term of the bonds issued (including any refunding bonds) or a lease entered into under subsection (c)(2) may not exceed thirty (30) years.

(e) If the county council makes a determination under subsection (c), the county council may adopt a tax rate under subsection (d). The tax rate may not be imposed at a rate greater than is necessary to pay the costs of financing, acquiring, improving, renovating, and equipping the county jail and related buildings and parking facilities, including costs related to the demolition of existing buildings and the acquisition of land.

(f) The county treasurer shall establish a county jail revenue fund to be used only for purposes described in this section. County adjusted gross income tax revenues derived from the tax rate imposed under this section shall be deposited in the county jail revenue fund before making ~~a certified distribution~~ **distributions** under section 11 of this chapter.

(g) County adjusted gross income tax revenues derived from the tax rate imposed under this section:

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

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

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

(h) A county described in subsection (a) possesses unique economic development challenges due to underemployment in relation to similarly situated counties. Maintaining low property tax rates is essential to economic development. The use of county adjusted gross income tax revenues as provided in this chapter, rather than use of

property taxes, to pay any bonds issued or leases entered into to finance the construction, acquisition, improvement, renovation, and equipping described in subsection (c) promotes that purpose.

(i) Notwithstanding any other law, funds accumulated from the county adjusted gross income tax imposed under this section after:

(1) the redemption of bonds issued; or

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

shall be transferred to the county general fund.

SECTION 19. IC 6-3.5-1.1-3.6, AS AMENDED BY P.L.119-2012, SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 3.6. (a) This section applies only to Union County.

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

(1) finance, construct, acquire, improve, renovate, or equip the county courthouse; and

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

(c) In addition to the rates permitted under section 2 of this chapter, the county council may impose the county adjusted gross income tax at a rate of twenty-five hundredths percent (0.25%) on the adjusted gross income of county taxpayers if the county council makes the finding and determination set forth in subsection (b). The tax imposed under this section may be imposed only until the later of the date on which the financing on, acquisition, improvement, renovation, and equipping described in subsection (b) is completed or the date on which the last of any bonds issued or leases entered into to finance the construction, acquisition, improvement, renovation, and equipping described in subsection (b) are fully paid. The term of the bonds issued (including any refunding bonds) or a lease entered into under subsection (b)(2) may not exceed twenty-two (22) years.

(d) If the county council makes a determination under subsection (b), the county council may adopt a tax rate under subsection (c). The tax rate may not be imposed for a time greater than is necessary to pay the costs of financing, constructing, acquiring, renovating, and equipping the county courthouse.

(e) The county treasurer shall establish a county courthouse revenue fund to be used only for purposes described in this section. County adjusted gross income tax revenues derived from the tax rate imposed under this section shall be deposited in the county courthouse revenue

fund before ~~a certified distribution is made~~ **making distributions** under section 11 of this chapter.

(f) County adjusted gross income tax revenues derived from the tax rate imposed under this section:

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

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

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

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

(1) the county's heavy agricultural base;

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

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

Maintaining low property tax rates is essential to economic development. The use of county adjusted gross income tax revenues as provided in this chapter to pay any bonds issued or leases entered into to finance the construction, acquisition, improvement, renovation, and equipping described in subsection (b), rather than the use of property taxes, promotes that purpose.

(h) Notwithstanding any other law, funds accumulated from the county adjusted gross income tax imposed under this section after:

(1) the redemption of the bonds issued; or

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

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

SECTION 20. IC 6-3.5-1.1-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 5. (a) Except as provided in subsections (b) through (c), if the county adjusted gross income tax is not in effect during a county taxpayer's entire taxable year, then the amount of county adjusted gross income tax that the county taxpayer owes for that taxable year equals the product of:

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

(2) a fraction:

(A) The numerator of the fraction equals the number of days during the county taxpayer's taxable year during which the county adjusted gross income tax was in effect.

(B) The denominator of the fraction equals the total number of days in the county taxpayer's taxable year.

(b) If a county taxpayer:

(1) is unemployed for a part of the taxpayer's taxable year;

(2) was not discharged for just cause (as defined in IC 22-4-15-1(e)); and

(3) has no earned income for the part of the taxpayer's taxable year that the tax was in effect;

the county taxpayer's adjusted gross income for the taxable year is reduced by the amount of the taxpayer's earned income for the taxable year.

(c) A taxpayer who qualifies under subsection (b) must file a claim for a refund for the difference between the county adjusted gross income tax owed, as determined under subsection (a), and the tax owed, as determined under subsection (b). A claim for a refund must be on a form approved by the department **or (in the case of a tax imposed under this article for taxable years beginning after December 31, 2015) by the county** and include all supporting documentation reasonably required by the department **or county (as applicable).**

SECTION 21. IC 6-3.5-1.1-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 6. (a) Except as provided in subsection (b), if for a particular taxable year a county taxpayer is liable for an income tax imposed by a county, city, town, or other local governmental entity located outside of Indiana, that county taxpayer is entitled to a credit against ~~his~~ **the taxpayer's** county adjusted gross income tax liability for that same taxable year. The amount of the credit equals the amount of tax imposed by the other governmental entity on income derived from sources outside Indiana and subject to the county adjusted gross income tax. However, the credit provided by this section may not reduce a county taxpayer's county adjusted gross income tax liability to an amount less than would have been owed if the income subject to taxation by the other governmental entity had been ignored.

(b) The credit provided by this section does not apply to a county taxpayer to the extent that the other governmental entity provides for a credit to the taxpayer for the amount of county adjusted gross income taxes owed under this chapter.

(c) To claim the credit provided by this section, a county taxpayer

must provide the department **or (in the case of a tax imposed under this article for taxable years beginning after December 31, 2015) the county treasurer** with satisfactory evidence that ~~he~~ **the taxpayer** is entitled to the credit.

SECTION 22. IC 6-3.5-1.1-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 8. (a) ~~A~~ **On February 1, 2016, and on November 1, 2016, the auditor of state shall transfer to each county ninety-five percent (95%) of the balance on those dates in the** special account **established** within the state general fund ~~shall be established~~ for ~~each~~ **that** county ~~adopting the county adjusted gross income tax. Any revenue derived from the imposition of the county adjusted gross income tax by a county shall be deposited in that county's account in the state general fund.~~ **and ninety-five percent (95%) of any other balances on those dates of county adjusted gross income tax withheld or otherwise paid by or on behalf of county taxpayers.**

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

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

(b) The balances remaining after making the transfers required under subsection (a) shall be used to pay any refunds of county adjusted gross income tax for taxable years beginning before January 1, 2016. On January 1, 2019:

(1) any remaining balances of county adjusted gross income tax withheld or otherwise paid by or on behalf of county taxpayers shall be transferred to the county treasurer; and

(2) the special account established within the state general fund for that county is abolished.

(c) This section expires June 30, 2019.

SECTION 23. IC 6-3.5-1.1-8.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: **Sec. 8.5. (a) Revenue derived from the imposition of the county adjusted gross income tax by the county and received by a county treasurer under this chapter, including any amounts transferred under section 8 of this chapter, shall be deposited by the county treasurer in a special fund.**

(b) Any income earned on money held in a special fund under subsection (c) becomes a part of that fund.

(c) Any revenue remaining in a fund established under subsection (a):

(1) does not revert to the county general fund; and

(2) shall be distributed as provided in this chapter.

SECTION 24. IC 6-3.5-1.1-9 IS REPEALED [EFFECTIVE JANUARY 1, 2016]. ~~Sec. 9. (a) Revenue derived from the imposition of the county adjusted gross income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it. The amount to be distributed to a county during an ensuing calendar year equals the amount of county adjusted gross income tax revenue that the budget agency determines has been:~~

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

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

~~as adjusted for refunds of county adjusted gross income tax made in the state fiscal year.~~

~~(b) Before August 2 of each calendar year, the budget agency shall provide to the county auditor of each adopting county an estimate of the amount determined under subsection (a) that will be distributed to the county, based on known tax rates. Not later than thirty (30) days after receiving the estimate of the certified distribution, the county auditor shall notify each taxing unit of the estimated amount of property tax replacement credits, certified shares, and other revenue that will be distributed to the taxing unit under this chapter during the ensuing calendar year. Before October 1 of each calendar year, the budget agency shall certify to the county auditor of each adopting county the amount determined under subsection (a) plus the amount of interest in the county's account that has accrued and has not been included in a certification made in a preceding year. The amount certified is the county's "certified distribution" for the immediately succeeding calendar year. The amount certified shall be adjusted under subsections (c), (d), (e), (f), and (g). Not later than thirty (30) days after receiving the notice of the amount of the certified distribution, the county auditor shall notify each taxing unit of the amount of property tax replacement credits, certified shares, and other revenue that will be distributed to the taxing unit under this chapter during the ensuing calendar year. The budget agency shall provide the county council with an informative summary of the calculations used to determine the certified distribution. The summary of calculations must include:~~

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

~~(2) adjustments for over distributions in prior years;~~

~~(3) adjustments for clerical or mathematical errors in prior years;~~
~~(4) adjustments for tax rate changes; and~~
~~(5) the amount of excess account balances to be distributed under IC 6-3.5-1.1-21.1.~~

~~The budget agency shall also certify information concerning the part of the certified distribution that is attributable to a tax rate under section 24, 25, or 26 of this chapter. This information must be certified to the county auditor, the department, and the department of local government finance before October 1 of each calendar year. The part of the certified distribution that is attributable to a tax rate under section 24, 25, or 26 of this chapter may be used only as specified in those provisions.~~

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

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

~~(e) This subsection applies to a county that initially imposes, increases, decreases, or rescinds a tax or tax rate under this chapter before November 1 in the same calendar year in which the budget agency makes a certification under this section. The budget agency shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The budget agency shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c). If the county imposes, increases, decreases, or rescinds a tax or tax rate under this chapter after the date for which a certification under subsection (b) is based, the budget agency shall adjust the certified distribution of the county after September 30 of the calendar year. The adjustment shall reflect any other adjustment required under subsections (c), (d), (f), and (g). The adjusted certification shall be treated as the county's "certified distribution" for the immediately succeeding calendar year. The budget agency shall certify the adjusted certified distribution to the county auditor for the county and provide the county council with an~~

~~informative summary of the calculations that revises the informative summary provided in subsection (b) and reflects the changes made in the adjustment.~~

~~(f) The budget agency shall adjust the certified distribution of a county to provide the county with the distribution required under section 3.3 of this chapter beginning not later than the tenth month after the month in which additional revenue from the tax authorized under section 3.3 of this chapter is initially collected.~~

~~(g) This subsection applies in the year in which a county initially imposes a tax rate under section 24 of this chapter. Notwithstanding any other provision, the budget agency shall adjust the part of the county's certified distribution that is attributable to the tax rate under section 24 of this chapter to provide for a distribution in the immediately following calendar year equal to the result of:~~

~~(1) the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(b) in the year in which the county initially imposes a tax rate under section 24 of this chapter; multiplied by~~

~~(2) two (2).~~

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

~~(i) The budget agency shall before May 1 of every even-numbered year publish an estimate of the statewide total amount of certified distributions to be made under this chapter during the following calendar year.~~

~~(j) The estimates under subsections (h) and (i) must specify the amount of the estimated certified distributions that are attributable to the additional rate authorized under section 24 of this chapter, the additional rate authorized under section 25 of this chapter, the additional rate authorized under section 26 of this chapter, and any other additional rates authorized under this chapter.~~

SECTION 25. IC 6-3.5-1.1-10, AS AMENDED BY P.L.137-2012, SECTION 70, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 10. ~~(a) One-twelfth (1/12) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 8 of this chapter to the appropriate county treasurer on the first regular business day of each month of that calendar year.~~

~~(b)~~ Except for:

(1) revenue that must be used to pay the costs of:

(A) financing, constructing, acquiring, improving, renovating, equipping, operating, or maintaining facilities and buildings;
(B) debt service on bonds; or
(C) lease rentals;
under section 2.3 of this chapter;
(2) revenue that must be used to pay the costs of operating a jail and juvenile detention center under section 2.5 of this chapter;
(3) revenue that must be used to pay the costs of:
(A) financing, constructing, acquiring, improving, renovating, equipping, operating, or maintaining facilities and buildings;
(B) debt service on bonds; or
(C) lease rentals;
under section 2.8 of this chapter;
(4) revenue that must be used to pay the costs of construction, improvement, renovation, or remodeling of a jail and related buildings and parking structures under section 2.7, 2.9, or 3.3 of this chapter;
(5) revenue that must be used to pay the costs of operating and maintaining a jail and justice center under section 3.5(d) of this chapter;
(6) revenue that must be used to pay the costs of constructing, acquiring, improving, renovating, or equipping a county courthouse under section 3.6 of this chapter; or
(7) revenue attributable to a tax rate under section 24, 25, or 26 of this chapter;

~~distributions made to a county treasurer under subsection (a)~~ **revenue collected under this chapter** shall be treated as though ~~they were~~ **the revenue is** property taxes that were due and payable during that same calendar year. Except as provided by sections 24, 25, and 26 of this chapter, the ~~certified distribution~~ **revenue collected under this chapter** shall be distributed and used by the taxing units and school corporations as provided in sections 11 through 15 of this chapter.

~~(c) All distributions from an account established under section 8 of this chapter shall be made by warrants issued by the auditor of the state to the treasurer of the state ordering the appropriate payments.~~

SECTION 26. IC 6-3.5-1.1-11, AS AMENDED BY P.L.77-2011, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 11. (a) Except for:
(1) revenue that must be used to pay the costs of:
(A) financing, constructing, acquiring, improving, renovating, equipping, operating, or maintaining facilities and buildings;
(B) debt service on bonds; or

(C) lease rentals;

under section 2.3 of this chapter;

(2) revenue that must be used to pay the costs of operating a jail and juvenile detention center under section 2.5 of this chapter;

(3) revenue that must be used to pay the costs of:

(A) financing, constructing, acquiring, improving, renovating, equipping, operating, or maintaining facilities and buildings;

(B) debt service on bonds; or

(C) lease rentals;

under section 2.8 of this chapter;

(4) revenue that must be used to pay the costs of construction, improvement, renovation, or remodeling of a jail and related buildings and parking structures under section 2.7, 2.9, or 3.3 of this chapter;

(5) revenue that must be used to pay the costs of operating and maintaining a jail and justice center under section 3.5(d) of this chapter;

(6) revenue that must be used to pay the costs of constructing, acquiring, improving, renovating, or equipping a county courthouse under section 3.6 of this chapter; or

(7) revenue attributable to a tax rate under section 24, 25, or 26 of this chapter;

the ~~certified distribution received~~ **revenue collected under this chapter** by a county treasurer shall, in the manner prescribed in this section, be allocated, distributed, and used by the civil taxing units and school corporations of the county as certified shares and property tax replacement credits.

(b) Before August 10 of each calendar year, each county auditor shall determine the part of the ~~certified distribution~~ **revenue to be collected under this chapter** for the next succeeding calendar year that will be allocated as property tax replacement credits and the part that will be allocated as certified shares. The percentage of ~~a certified distribution~~ **the revenue to be collected under this chapter** that will be allocated as property tax replacement credits or as certified shares depends upon the county adjusted gross income tax rate for resident county taxpayers in effect on December 1 of the calendar year that precedes the year in which the ~~certified distribution~~ **revenue to be collected under this chapter** will be received by two (2) years. The percentages are set forth in the following table:

COUNTY ADJUSTED GROSS	PROPERTY TAX REPLACEMENT	CERTIFIED

INCOME TAX RATE	CREDITS	SHARES
0.5%	50%	50%
0.75%	33 1/3%	66 2/3%
1%	25%	75%

(c) The part of ~~a certified distribution~~ **the revenue collected under this chapter** that constitutes property tax replacement credits shall be distributed as provided under sections 12, 13, and 14 of this chapter.

(d) The part of ~~a certified distribution~~ **the revenue collected under this chapter** that constitutes certified shares shall be distributed as provided by section 15 of this chapter.

SECTION 27. IC 6-3.5-1.1-11.5, AS ADDED BY P.L.26-2009, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 11.5. (a) The county auditor shall timely distribute the part of the ~~certified distribution received under section 10 of~~ **revenue collected under** this chapter that constitutes property tax replacement credits to each civil taxing unit and school corporation that is a recipient of property tax replacement credits as provided by sections 12, 13, and 14 of this chapter.

(b) The county auditor shall timely distribute the part of ~~a certified distribution received under section 10 of~~ **the revenue collected under** this chapter that constitutes certified shares to each civil taxing unit that is a recipient of certified shares as provided by section 15 of this chapter.

(c) A distribution is considered to be timely made if the distribution **of revenue received during a month** is made not later than ten (10) working days after the ~~date the county treasurer receives the county's certified distribution under section 10 of this chapter.~~ **beginning of the following month.**

SECTION 28. IC 6-3.5-1.1-12, AS AMENDED BY P.L.207-2005, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 12. (a) The part of a county's ~~certified distribution~~ **revenue collected under this chapter** for a calendar year that is to be used as property tax replacement credits shall be allocated by the county auditor among the civil taxing units and school corporations of the county.

(b) Except as provided in section 13 of this chapter, the amount of property tax replacement credits that each civil taxing unit and school corporation in a county is entitled to receive during a calendar year equals the product of:

(1) that part of the county's ~~certified distribution~~ **revenue collected under this chapter** that is dedicated to providing property tax replacement credits for that same calendar year;

multiplied by

(2) a fraction:

(A) The numerator of the fraction equals the allocation amount for the civil taxing unit or school corporation during that calendar year.

(B) The denominator of the fraction equals the sum of the allocation amounts for all the civil taxing units and school corporations of the county for that calendar year.

(c) The department of local government finance shall provide each county auditor with the amount of property tax replacement credits that each civil taxing unit and school corporation in the auditor's county is entitled to receive under this section. The county auditor shall then certify to each civil taxing unit and school corporation the amount of property tax replacement credits it is entitled to receive (after adjustment made under section 13 of this chapter) under this section during that calendar year. The county auditor shall also certify these distributions to the county treasurer.

SECTION 29. IC 6-3.5-1.1-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 13. (a) If a civil taxing unit or school corporation of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which property tax replacement credits are being distributed, that civil taxing unit or school corporation is entitled to receive a proportion of the property tax replacement credits to be distributed within the county. The amount such a civil taxing unit or school corporation is entitled to receive during that calendar year equals the product of:

(1) the part of the county's ~~certified~~ ~~distribution~~ **revenue collected under this chapter** that is to be used to provide property tax replacement credits during that calendar year; multiplied by

(2) a fraction:

(A) The numerator of the fraction equals the budget of that civil taxing unit or school corporation for that calendar year.

(B) The denominator of the fraction equals the aggregate budgets of all civil taxing units and school corporations of that county for that calendar year.

(b) If for a calendar year a civil taxing unit or school corporation is allocated a proportion of a county's property tax replacement credits by this section then the formula used in section 12 of this chapter to determine all other civil taxing units' and school corporations' property tax replacement credits shall be changed for that same year by reducing

the amount dedicated to providing property tax replacement credits by the amount of property tax replacement credits allocated under this section for that same calendar year. The department of local government finance shall make any adjustments required by this section and provide them to the appropriate county auditors.

SECTION 30. IC 6-3.5-1.1-15, AS AMENDED BY P.L.182-2009(ss), SECTION 212, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 15. (a) As used in this section, "attributed allocation amount" of a civil taxing unit for a calendar year means the sum of:

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

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

(3) in the case of a county, an amount equal to the welfare allocation amount.

The welfare allocation amount is an amount equal to the sum of the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund and, if the county received a certified distribution under this chapter or IC 6-3.5-6 in 2008, the property taxes imposed by the county in 2008 for the county's county medical assistance to wards fund, family and children's fund, children's psychiatric residential treatment services fund, county hospital care for the indigent fund, and children with special health care needs county fund.

(b) The part of a county's ~~certified distribution~~ **revenue collected under this chapter** that is to be used as certified shares shall be allocated only among the county's civil taxing units. Each civil taxing unit of a county is entitled to receive a certified share during a calendar year in an amount determined in STEP TWO of the following formula:

STEP ONE: Divide:

(A) the attributed allocation amount of the civil taxing unit during that calendar year; by

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

STEP TWO: Multiply the part of the county's ~~certified distribution~~ **revenue collected under this chapter** that is to be used as certified shares by the STEP ONE amount.

(c) The department of local government finance shall determine the attributed levies of civil taxing units that are entitled to receive certified

shares during a calendar year. If the ad valorem property tax levy of any special taxing district, authority, board, or other entity is attributed to another civil taxing unit under subsection (a)(2), then the special taxing district, authority, board, or other entity shall not be treated as having an attributed allocation amount of its own. The department of local government finance shall certify the attributed allocation amounts to the appropriate county auditor. The county auditor shall then allocate the certified shares among the civil taxing units of the auditor's county.

(d) Certified shares received by a civil taxing unit shall be treated as additional revenue for the purpose of fixing its budget for the calendar year during which the certified shares will be received. The certified shares may be allocated to or appropriated for any purpose, including property tax relief or a transfer of funds to another civil taxing unit whose levy was attributed to the civil taxing unit in the determination of its attributed allocation amount.

SECTION 31. IC 6-3.5-1.1-18, AS AMENDED BY P.L.146-2008, SECTION 330, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 18. (a) Except as otherwise provided in this chapter **and IC 6-3.5-7.5,** all provisions of the adjusted gross income tax law (IC 6-3) concerning:

(1) definitions;
(2) declarations of estimated tax;
(3) filing of returns;
(4) remittances;
(5) incorporation of the provisions of the Internal Revenue Code;
(6) penalties and interest;
(7) exclusion of military pay credits for withholding; and
(8) exemptions and deductions;

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

(b) The provisions of IC 6-3-1-3.5(a)(6), IC 6-3-3-3, IC 6-3-3-5, and IC 6-3-5-1 do not apply to the tax imposed by this chapter.

(c) Notwithstanding subsections (a) and (b), each employer shall report to the department the amount of withholdings ~~attributable~~ **remitted** to each county **treasurer under IC 6-3-4-0.5.** This report shall be submitted to the department:

(1) each time the employer remits to the department the **state adjusted gross income** tax that is withheld; and
(2) annually along with the employer's annual withholding report.

SECTION 32. IC 6-3.5-1.1-21 IS REPEALED [EFFECTIVE JANUARY 1, 2016]. ~~Sec. 21. Before November 2 of each year, the budget agency shall submit a report to each county auditor indicating~~

~~the balance in the county's adjusted gross income tax account as of the cutoff date specified by the budget agency.~~

SECTION 33. IC 6-3.5-1.1-21.1 IS REPEALED [EFFECTIVE JANUARY 1, 2016]. ~~Sec. 21.1. (a) If the budget agency determines that the balance in a county trust account exceeds fifty percent (50%) of the certified distributions to be made to the county in the ensuing year, the budget agency shall make a supplemental distribution to the county from the county's adjusted gross income tax account.~~

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

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

~~(2) allocated and, subject to subsection (d), used in the same manner as certified distributions. However, the part of a supplemental distribution that is attributable to an additional rate authorized under this chapter:~~

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

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

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

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

~~(d) This subsection applies to that part of a distribution made under this section that is allocated and available for use in the same manner as certified shares. The civil taxing unit receiving the money shall deposit the money in the civil taxing unit's rainy day fund established under IC 36-1-8-5.1.~~

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

SECTION 34. IC 6-3.5-1.1-24, AS AMENDED BY P.L.153-2014, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 24. (a) In a county in which the county adjusted gross income tax is in effect, the county council may adopt an ordinance to impose or increase (as applicable) a tax rate under this section.

(b) In a county in which neither the county adjusted gross income tax nor the county option income tax is in effect, the county council may adopt an ordinance to impose a tax rate under this section.

(c) If a county council adopts an ordinance to impose or increase a tax rate under this section, not more than ten (10) days after the vote, the county auditor shall send a certified copy of the ordinance to the

commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

(d) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(e) Except as provided in subsection (t), the following apply only in the year in which a county council first imposes a tax rate under this section:

(1) The county council shall, in the ordinance imposing the tax rate, specify the tax rate for each of the following two (2) years.

(2) The tax rate that must be imposed in the county in the first year is equal to the result of:

(A) the tax rate determined for the county under IC 6-3.5-1.5-1(b) in the year in which the tax rate is increased; multiplied by

(B) two (2).

(3) The tax rate that must be imposed in the county in the second year is the tax rate determined for the county under IC 6-3.5-1.5-1(c). The tax rate under this subdivision continues in effect in later years unless the tax rate is increased under this section.

(4) The levy limitations in IC 6-1.1-18.5-3(b), IC 6-1.1-18.5-3(c), IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its repeal), and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year and to property taxes first due and payable in the calendar year after the ensuing calendar year.

(f) Except as provided in subsection (t), the following apply only in a year in which a county council increases a tax rate under this section:

(1) The county council shall, in the ordinance increasing the tax rate, specify the tax rate for the following year.

(2) The tax rate that must be imposed in the county is equal to the result of:

(A) the tax rate determined for the county under IC 6-3.5-1.5-1(b) in that year; plus

(B) the tax rate currently in effect in the county under this section.

The tax rate under this subdivision continues in effect in later years unless the tax rate is increased under this section.

(3) The levy limitations in IC 6-1.1-18.5-3(b), IC 6-1.1-18.5-3(c), IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its

repeal), and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year.

(g) Except as provided in subsection (t), the department of local government finance shall determine the following property tax replacement distribution amounts:

STEP ONE: Determine the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(b) for the county in the preceding year.

STEP TWO: For distribution to each civil taxing unit that in the year had a maximum permissible property tax levy limited under IC 6-1.1-18.5-3(b), determine the result of:

(1) the quotient of:

(A) the part of the amount determined under STEP ONE of IC 6-3.5-1.5-1(b) in the preceding year that was attributable to the civil taxing unit; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP THREE: For distributions in 2009 and thereafter, the result of this STEP is zero (0). For distribution to the county for deposit in the county family and children's fund before 2009, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP TWO of IC 6-3.5-1.5-1(b) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP FOUR: For distributions in 2009 and thereafter, the result of this STEP is zero (0). For distribution to the county for deposit in the county children's psychiatric residential treatment services fund before 2009, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP THREE of IC 6-3.5-1.5-1(b) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP FIVE: For distribution to the county for community mental health center purposes, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP FOUR of

IC 6-3.5-1.5-1(b) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

Except as provided in subsection (m), the county treasurer shall distribute the portion of the ~~certified distribution~~ **revenue collected under this chapter** that is attributable to a tax rate under this section as specified in this section. The county treasurer shall make the distributions under this subsection at the same time that distributions are made to civil taxing units under section 15 of this chapter.

(h) Notwithstanding sections 3.1 and 4 of this chapter, a county council may not decrease or rescind a tax rate imposed under this section.

(i) The tax rate under this section shall not be considered for purposes of computing:

(1) the maximum income tax rate that may be imposed in a county under section 2 of this chapter or any other provision of this chapter; or

(2) the maximum permissible property tax levy under IC 6-1.1-18.5-3.

(j) The tax levy under this section shall not be considered for purposes of the credit under IC 6-1.1-20.6.

(k) Except as provided in subsections (s) and (t), a distribution under this section shall be treated as a part of the receiving civil taxing unit's property tax levy for that year for purposes of fixing the budget of the civil taxing unit and for determining the distribution of taxes that are distributed on the basis of property tax levies.

(l) If a county council imposes a tax rate under this section (other than a tax rate imposed under subsection (s)), the portion of county adjusted gross income tax revenue dedicated to property tax replacement credits under section 11 of this chapter may not be decreased.

(m) In the year following the year in a which a county first imposes a tax rate under this section, one-half (1/2) of the tax revenue that is attributable to the tax rate under this section (other than a tax rate imposed under subsection (s)) must be deposited in the county stabilization fund established under subsection (o).

(n) Except as provided in subsection (t) and IC 8-25, a pledge of county adjusted gross income taxes does not apply to revenue attributable to a tax rate under this section.

(o) Except as provided in subsection (t), a county stabilization fund is established in each county that imposes a tax rate under this section.

The county stabilization fund shall be administered by the county auditor. If for a year the ~~certified distributions~~ **revenue collected under this chapter** attributable to a tax rate under this section ~~exceed~~ **exceeds** the amount calculated under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(b) that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section, the excess shall be deposited in the county stabilization fund. Money shall be distributed from the county stabilization fund in a year by the county auditor to political subdivisions entitled to a distribution of tax revenue attributable to the tax rate under this section if:

(1) the ~~certified distributions~~ **revenue collected under this chapter** attributable to a tax rate under this section ~~are~~ **is** less than the amount calculated under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(b) that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section for a year; or

(2) the ~~certified distributions~~ **revenue collected under this chapter** attributable to a tax rate under this section in a year ~~are~~ **is** less than the certified distributions **(for calculations before January 1, 2017) attributable to a tax rate under this section in the preceding year or revenue collected under this chapter (for calculations after December 31, 2016)** attributable to a tax rate under this section in the preceding year.

However, subdivision (2) does not apply to the year following the first year in which ~~certified distributions of~~ revenue attributable to the tax rate under this section ~~are~~ **is** distributed to the county.

(p) Notwithstanding any other provision, a tax rate imposed under this section may not exceed one percent (1%).

(q) A county council must each year hold at least one (1) public meeting at which the county council discusses whether the tax rate under this section should be imposed or increased.

(r) The department of local government finance, ~~and~~ the department of state revenue, **and the county** may take any actions necessary to carry out the purposes of this section.

(s) This subsection applies only to Hancock County and Johnson County. If the voters of the county approve a local public question under IC 8-25-2, the fiscal body of the county may adopt an ordinance to provide for the use of county adjusted gross income tax revenues attributable to an additional tax rate imposed under this subsection to fund a public transportation project under IC 8-25. However, a county fiscal body shall adopt an ordinance under this subsection if required

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

(1) retained by the county auditor;

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

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

(t) The following do not apply to an additional tax rate imposed under subsection (s):

(1) Subsection (e).

(2) Subsection (f).

(3) Subsection (g).

(4) Subsection (k).

(5) Subsection (n).

(6) Subsection (o).

SECTION 35. IC 6-3.5-1.1-25, AS AMENDED BY P.L.261-2013, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 25. (a) As used in this section, "public safety" refers to the following:

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

(2) A firefighting and fire prevention system.

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

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

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

(6) A probation department of a court.

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

(A) diverted before a final hearing or trial under an agreement that is between the county prosecuting attorney and the person or the person's custodian, guardian, or parent and that provides for confinement, supervision, community corrections services,

or other correctional services instead of a final action described in clause (B) or (C);

(B) convicted of a crime; or

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

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

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

(10) A county jail.

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

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

(13) Pension payments for any of the following:

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

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

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

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

(b) If a county council has imposed a tax rate of at least twenty-five hundredths of one percent (0.25%) under section 24 of this chapter, a tax rate of at least twenty-five hundredths of one percent (0.25%) under section 26 of this chapter, or a total combined tax rate of at least twenty-five hundredths of one percent (0.25%) under sections 24 and 26 of this chapter, the county council may also adopt an ordinance to impose an additional tax rate under this section to provide funding for public safety.

(c) A tax rate under this section may not exceed twenty-five hundredths of one percent (0.25%).

(d) If a county council adopts an ordinance to impose a tax rate under this section, not more than ten (10) days after the vote, the county auditor shall send a certified copy of the ordinance to the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

(e) A tax rate under this section is in addition to any other tax rates

imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(f) Except as provided in subsection (k) or (l), the county auditor shall distribute the portion of the ~~certified distribution~~ **revenue collected under this chapter** that is attributable to a tax rate under this section to the county and to each municipality in the county that is carrying out or providing at least one (1) of the public safety purposes described in subsection (a). The amount that shall be distributed to the county or municipality is equal to the result of:

(1) the portion of the ~~certified distribution~~ **revenue collected under this chapter** that is attributable to a tax rate under this section; multiplied by

(2) a fraction equal to:

(A) the attributed allocation amount (as defined in IC 6-3.5-1.1-15) of the county or municipality for the calendar year; divided by

(B) the sum of the attributed allocation amounts of the county and each municipality in the county that is entitled to a distribution under this section for the calendar year.

The county auditor shall make the distributions required by this subsection not more than thirty (30) days after receiving the portion of the ~~certified distribution~~ **revenue collected under this chapter** that is attributable to a tax rate under this section. Tax revenue distributed to a county or municipality under this subsection must be deposited into a separate account or fund and may be appropriated by the county or municipality only for public safety purposes.

(g) The department of local government finance may not require a county or municipality receiving tax revenue under this section to reduce the county's or municipality's property tax levy for a particular year on account of the county's or municipality's receipt of the tax revenue.

(h) The tax rate under this section and the tax revenue attributable to the tax rate under this section shall not be considered for purposes of computing:

(1) the maximum income tax rate that may be imposed in a county under section 2 of this chapter or any other provision of this chapter;

(2) the maximum permissible property tax levy under IC 6-1.1-18.5-3; or

(3) the credit under IC 6-1.1-20.6.

(i) The tax rate under this section may be imposed or rescinded at the same time and in the same manner that the county may impose or

increase a tax rate under section 24 of this chapter.

(j) The department of local government finance, ~~and~~ the department of state revenue, **and the county** may take any actions necessary to carry out the purposes of this section.

(k) Two (2) or more political subdivisions that are entitled to receive a distribution under this section may adopt resolutions providing that some part or all of those distributions shall instead be paid to one (1) political subdivision in the county to carry out specific public safety purposes specified in the resolutions.

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

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

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

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

SECTION 36. IC 6-3.5-1.1-26, AS AMENDED BY P.L.261-2013, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 26. (a) A county council may impose a tax rate under this section to provide property tax relief to taxpayers in the county. A county council is not required to impose any other tax before imposing a tax rate under this section.

(b) A tax rate under this section may be imposed in increments of five hundredths of one percent (0.05%) determined by the county council. A tax rate under this section may not exceed one percent (1%).

(c) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(d) If a county council adopts an ordinance to impose or increase a tax rate under this section, not more than ten (10) days after the vote, the county auditor shall send a certified copy of the ordinance to the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

(e) A tax rate under this section may be imposed, increased, decreased, or rescinded by a county council at the same time and in the same manner that the county council may impose or increase a tax rate under section 24 of this chapter.

(f) Tax revenue attributable to a tax rate under this section may be used for any combination of the following purposes, as specified by ordinance of the county council:

(1) Except as provided in subsection (j), the tax revenue may be used to provide local property tax replacement credits at a uniform rate to all taxpayers in the county. The local property tax replacement credits shall be treated for all purposes as property tax levies. The county auditor shall determine the local property tax replacement credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide local property tax replacement credits in that year. A county council may not adopt an ordinance determining that tax revenue shall be used under this subdivision to provide local property tax replacement credits at a uniform rate to all taxpayers in the county unless the county council has done the following:

(A) Made available to the public the county council's best estimate of the amount of property tax replacement credits to be provided under this subdivision to homesteads, other residential property, commercial property, industrial property, and agricultural property.

(B) Adopted a resolution or other statement acknowledging that some taxpayers in the county that do not pay the tax rate under this section will receive a property tax replacement credit that is funded with tax revenue from the tax rate under this section.

(2) The tax revenue may be used to uniformly provide the homestead credit percentage in the county. The homestead credits shall be treated for all purposes as property tax levies. The homestead credits do not reduce the basis for determining any state homestead credit. The homestead credits shall be applied to the net property taxes due on the homestead after the application of all other assessed value deductions or property tax deductions

and credits that apply to the amount owed under IC 6-1.1. The county auditor shall determine the homestead credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide homestead credits in that year.

(3) The tax revenue may be used to provide local property tax replacement credits at a uniform rate for all qualified residential property (as defined in IC 6-1.1-20.6-4 before January 1, 2009, and as defined in section 1 of this chapter after December 31, 2008) in the county. The local property tax replacement credits shall be treated for all purposes as property tax levies. The county auditor shall determine the local property tax replacement credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide local property tax replacement credits in that year.

(4) This subdivision applies only to Lake County. The Lake County council may adopt an ordinance providing that the tax revenue from the tax rate under this section is used for any of the following:

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

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

(i) The tax revenue under this section that is collected from taxpayers within a particular municipality in Lake County (as determined by the department based on the department's best estimate) shall be used only to provide a local property tax credit against property taxes imposed by that municipality.

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

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

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

(ii) Forty percent (40%) of the tax revenue under this section

shall be used to provide property tax replacement credits against property tax levies of the county and each township and municipality in the county. The percentage of the tax revenue distributed under this item that shall be used as credits against the county's levies or against a particular township's or municipality's levies is equal to the percentage determined by dividing the population of the county, township, or municipality by the sum of the total population of the county, each township in the county, and each municipality in the county.

The Lake County council shall determine whether the credits under clause (A), (B), or (C) shall be provided to homesteads, to all qualified residential property, or to all taxpayers. The department of local government finance, with the assistance of the budget agency, shall certify to the county auditor and the fiscal body of the county and each township and municipality in the county the amount of property tax credits under this subdivision. Except as provided in subsection (g), the tax revenue under this section that is used to provide credits under this subdivision shall be treated for all purposes as property tax levies.

The county council may adopt an ordinance changing the purposes for which tax revenue attributable to a tax rate under this section shall be used in the following year.

(g) The tax rate under this section and the tax revenue attributable to the tax rate under this section shall not be considered for purposes of computing:

(1) the maximum income tax rate that may be imposed in a county under section 2 of this chapter or any other provision of this chapter;

(2) the maximum permissible property tax levy under IC 6-1.1-18.5-3; or

(3) the credit under IC 6-1.1-20.6.

(h) Tax revenue under this section shall be treated as a part of the receiving civil taxing unit's or school corporation's property tax levy for that year for purposes of fixing the budget of the civil taxing unit or school corporation and for determining the distribution of taxes that are distributed on the basis of property tax levies. To the extent the county auditor determines that there is income tax revenue remaining from the tax under this section after providing the property tax replacement credits, the excess shall be credited to a dedicated county account and may be used only for property tax replacement credits under this section in subsequent years.

(i) The department of local government finance, ~~and~~ the department of state revenue, **and the county** may take any actions necessary to carry out the purposes of this section.

(j) A taxpayer that owns an industrial plant located in Jasper County is ineligible for a local property tax replacement credit under this section against the property taxes due on the industrial plant if the assessed value of the industrial plant as of March 1, 2006, exceeds twenty percent (20%) of the total assessed value of all taxable property in the county on that date. The general assembly finds that the provisions of this subsection are necessary because the industrial plant represents such a large percentage of Jasper County's assessed valuation.

SECTION 37. IC 6-3.5-6-1.1, AS AMENDED BY P.L.182-2009(ss), SECTION 217, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 1.1. (a) For purposes of allocating the ~~certified distribution made to~~ **revenue received by** a county under this chapter among the civil taxing units in the county, the allocation amount for a civil taxing unit is the amount determined using the following formula:

STEP ONE: Determine the total property taxes that are first due and payable to the civil taxing unit during the calendar year of the distribution plus, for a county, an amount equal to the welfare allocation amount.

STEP TWO: Determine the sum of the following:

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

(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 (c).

(C) The proceeds of any property that are:

(i) received as the result of the issuance of a debt obligation described in clause (A) or a lease described in clause (B); and

(ii) appropriated from property taxes for any purpose other than to refund or otherwise refinance a debt obligation or lease described in subsection (b) or (c).

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 or school corporation's certified distribution for the previous calendar year **(for allocations calculated before January 1, 2017) or the civil taxing unit's or school corporation's allocation of revenue under this chapter for the previous calendar year (for allocations calculated after December 31, 2016).**

The allocation amount is subject to adjustment as provided in IC 36-8-19-7.5. The welfare allocation amount is an amount equal to the sum of the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund and, if the county received a certified distribution under IC 6-3.5-1.1 or this chapter in 2008, the property taxes imposed by the county in 2008 for the county's county medical assistance to wards fund, family and children's fund, children's psychiatric residential treatment services fund, county hospital care for the indigent fund, and children with special health care needs county fund.

(b) 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 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.

(c) 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 it 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 38. IC 6-3.5-6-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 16. (a) ~~A~~ **On February 1, 2016, and on November 1, 2016, the auditor of state shall transfer to each county ninety-five percent (95%) of the balance on those dates in the** special account **established** within the state general fund ~~shall be established~~ for ~~each~~ **that** county ~~that adopts the county option income tax. Any revenue derived from the imposition of the county option income tax by a county shall be deposited in that county's account in the state general fund.~~ **and ninety-five percent (95%) of any other balances on those dates of county option income tax withheld or otherwise paid by or on behalf of county taxpayers.**

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

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

(b) The balances remaining after making the transfers required under subsection (a) shall be used to pay any refunds of county option income tax for taxable years beginning before January 1, 2016. On January 1, 2019:

(1) any remaining balances of county option income tax withheld or otherwise paid by or on behalf of county taxpayers shall be transferred to the county treasurer; and

(2) the special account established within the state general fund for that county is abolished.

(c) This section expires June 30, 2019.

SECTION 39. IC 6-3.5-6-16.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: **Sec. 16.5. (a) Revenue derived from the imposition of the county option income tax by the county and received by a county treasurer under this chapter, including any amounts transferred under section 16 of this chapter, shall be deposited by the county treasurer in a special fund.**

(b) Any income earned on money held in a special fund under subsection (c) becomes a part of that fund.

(c) Any revenue remaining in a fund established under subsection (a):

(1) does not revert to the county general fund; and

(2) shall be distributed as provided in this chapter.

SECTION 40. IC 6-3.5-6-17 IS REPEALED [EFFECTIVE JANUARY 1, 2016]. ~~Sec. 17. (a) Revenue derived from the imposition of the county option income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it. The amount that is to be distributed to a county during an ensuing calendar year equals the amount of county option income tax revenue that the budget agency determines has been:~~

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

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

~~as adjusted (as determined after review of the recommendation of the budget agency) for refunds of county option income tax made in the state fiscal year.~~

~~(b) Before August 2 of each calendar year, the budget agency shall provide to the county auditor of each adopting county an estimate of the amount determined under subsection (a) that will be distributed to the county, based on known tax rates. Not later than thirty (30) days after receiving the estimate of the certified distribution, the county auditor shall notify each taxing unit of the estimated amount of distributive shares and other revenue that will be distributed to the taxing unit under this chapter during the ensuing calendar year. Before October 1 of each calendar year, the budget agency shall certify to the county auditor of each adopting county the amount determined under subsection (a) plus the amount of interest in the county's account that has accrued and has not been included in a certification made in a preceding year. The amount certified is the county's "certified distribution" for the immediately succeeding calendar year. The amount certified shall be adjusted, as necessary, under subsections (c), (d), (e), and (f). Not later than thirty (30) days after receiving the notice of the amount of the certified distribution, the county auditor shall notify each taxing unit of the amount of distributive shares and other revenue that will be distributed to the taxing unit under this chapter during the ensuing calendar year. The budget agency shall provide the county council with an informative summary of the calculations used to determine the certified distribution. The summary of calculations must include:~~

~~(1) the amount reported on individual income tax returns~~

~~processed by the department during the previous fiscal year;~~
~~(2) adjustments for over distributions in prior years;~~
~~(3) adjustments for clerical or mathematical errors in prior years;~~
~~(4) adjustments for tax rate changes; and~~
~~(5) the amount of excess account balances to be distributed under IC 6-3.5-6-17.3.~~

~~The budget agency shall also certify information concerning the part of the certified distribution that is attributable to a tax rate under section 30, 31, or 32 of this chapter. This information must be certified to the county auditor and to the department of local government finance before October 1 of each calendar year. The part of the certified distribution that is attributable to a tax rate under section 30, 31, or 32 of this chapter may be used only as specified in those provisions.~~

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

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

~~(e) This subsection applies to a county that imposes, increases, decreases, or rescinds a tax or tax rate under this chapter before November 1 in the same calendar year in which the budget agency makes a certification under this section. The budget agency shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The budget agency shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c). If the county imposes, increases, decreases, or rescinds a tax or tax rate under this chapter after the date for which a certification under subsection (b) is based, the budget agency shall adjust the certified distribution of the county after September 30 of the calendar year. The adjustment shall reflect any other adjustment required under subsections (c), (d), and (f). The adjusted certification shall be treated as the county's "certified distribution" for the immediately succeeding calendar year. The budget~~

~~agency shall certify the adjusted certified distribution to the county auditor for the county and provide the county council with an informative summary of the calculations that revises the informative summary provided in subsection (b) and reflects the changes made in the adjustment.~~

~~(f) This subsection applies in the year a county initially imposes a tax rate under section 30 of this chapter. Notwithstanding any other provision, the budget agency shall adjust the part of the county's certified distribution that is attributable to the tax rate under section 30 of this chapter to provide for a distribution in the immediately following calendar year equal to the result of:~~

~~(1) the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(b) in the year in which the county initially imposes a tax rate under section 30 of this chapter; multiplied by~~

~~(2) the following:~~

~~(A) In a county containing a consolidated city, one and five-tenths (1.5).~~

~~(B) In a county other than a county containing a consolidated city, two (2).~~

~~(g) One-twelfth (1/12) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 16 of this chapter to the appropriate county treasurer on the first regular business day of each month of that calendar year.~~

~~(h) Upon receipt, each monthly payment of a county's certified distribution shall be allocated among, distributed to, and used by the civil taxing units of the county as provided in sections 18 and 19 of this chapter.~~

~~(i) All distributions from an account established under section 16 of this chapter shall be made by warrants issued by the auditor of state to the treasurer of state ordering the appropriate payments.~~

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

~~(k) The budget agency shall before May 1 of every even-numbered year publish an estimate of the statewide total amount of certified distributions to be made under this chapter during the following calendar year.~~

~~(l) The estimates under subsections (j) and (k) must specify the amount of the estimated certified distributions that are attributable to~~

~~the additional rate authorized under section 30 of this chapter, the additional rate authorized under section 31 of this chapter, the additional rate authorized under section 32 of this chapter, and any other additional rates authorized under this chapter.~~

SECTION 41. IC 6-3.5-6-17.2 IS REPEALED [EFFECTIVE JANUARY 1, 2016]. ~~Sec. 17.2. Before October 2 of each year, the budget agency shall submit a report to each county auditor indicating the balance in the county's special account as of the cutoff date set by the budget agency.~~

SECTION 42. IC 6-3.5-6-17.3 IS REPEALED [EFFECTIVE JANUARY 1, 2016]. ~~Sec. 17.3. (a) If the budget agency determines that the balance in a county trust account exceeds fifty percent (50%) of the certified distributions to be made to the county in the ensuing year, the budget agency shall make a supplemental distribution to the county from the county's special account.~~

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

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

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

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

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

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

~~(c) A determination under this section must be made before October 2.~~

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

SECTION 43. IC 6-3.5-6-18, AS AMENDED BY P.L.153-2014, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 18. (a) The revenue a county auditor receives under this chapter shall be used to:

(1) replace the amount, if any, of property tax revenue lost due to the allowance of an increased homestead credit within the county;

(2) fund the operation of a public communications system and computer facilities district as provided in an election, if any, made by the county fiscal body under IC 36-8-15-19(b);

(3) fund the operation of a public transportation corporation as provided in an election, if any, made by the county fiscal body under IC 36-9-4-42;

(4) fund the operation of a public library in a county containing a consolidated city as provided in an election, if any, made by the county fiscal body under IC 36-3-7-6;

(5) make payments permitted under IC 36-7-14-25.5 or IC 36-7-15.1-17.5;

(6) make payments permitted under subsection (i);

(7) make distributions of distributive shares to the civil taxing units of a county;

(8) make the distributions permitted under sections 27, 28, 29, 30, 31, 32, and 33 of this chapter; and

(9) fund a public transportation project approved in an eligible county under IC 8-25-2 or in a township under IC 8-25-6, if any.

(b) The county auditor shall retain from the ~~payments of the county's certified distribution,~~ **revenue received under this chapter** an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. This money shall be distributed to the civil taxing units and school corporations of the county as though they were property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to the allowance of an increased homestead credit.

(c) The county auditor shall retain:

(1) the amount, if any, specified by the county fiscal body for a particular calendar year under subsection (i), IC 36-3-7-6, IC 36-7-14-25.5, IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the ~~county's certified distribution~~ **revenue received under this chapter** for that same calendar year; and

(2) the amount of an additional tax rate imposed under section 27, 28, 29, 30, 31, 32, or 33 of this chapter.

The county auditor shall distribute amounts retained under this subsection to the county.

(d) All ~~certified distribution~~ revenues **received under this chapter** that are not retained and distributed under subsections (b) and (c) shall be distributed to the civil taxing units of the county as distributive shares.

(e) The amount of distributive shares that each civil taxing unit in a county is entitled to receive during a month equals the product of the following:

(1) The amount of revenue that is to be distributed as distributive shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the allocation amount for the civil taxing unit for the calendar year in which the month falls. The denominator of the fraction equals the sum of the allocation amounts of all the civil taxing units of the county for the calendar year in which the month falls.

(f) The department of local government finance shall provide each county auditor with the fractional amount of distributive shares that each civil taxing unit in the auditor's county is entitled to receive monthly under this section.

(g) Notwithstanding subsection (e), if a 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 distributive shares are being distributed under this section, that civil taxing unit is entitled to receive a part of the revenue to be distributed as distributive shares under this section within the county. The fractional amount such a civil taxing unit is entitled to receive each month during that calendar year equals the product of the following:

(1) The amount to be distributed as distributive shares during that month; multiplied by

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

(h) If for a calendar year a civil taxing unit is allocated a part of a county's distributive shares by subsection (g), then the formula used in subsection (e) to determine all other civil taxing units' distributive shares shall be changed each month for that same year by reducing the amount to be distributed as distributive shares under subsection (e) by the amount of distributive shares allocated under subsection (g) 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.

(i) Notwithstanding any other law, a county fiscal body may pledge revenues received under this chapter (other than revenues attributable to a tax rate imposed under section 30, 31, or 32 of this chapter for property tax relief or public safety) to the payment of bonds or lease rentals to finance a qualified economic development tax project under IC 36-7-27 in that county or in any other county if the county fiscal body determines that the project will promote significant opportunities for the gainful employment or retention of employment of the county's residents.

SECTION 44. IC 6-3.5-6-18.5, AS AMENDED BY P.L.146-2008,

SECTION 339, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 18.5. (a) This section applies to a county containing a consolidated city.

(b) Notwithstanding section 18(e) of this chapter, the distributive shares that each civil taxing unit in a county containing a consolidated city is entitled to receive during a month equals the following:

(1) For the calendar year beginning January 1, 1995, calculate the total amount of revenues that are to be distributed as distributive shares during that month multiplied by the following factor:

Center Township	.0251
Decatur Township	.00217
Franklin Township	.0023
Lawrence Township	.01177
Perry Township	.01130
Pike Township	.01865
Warren Township	.01359
Washington Township	.01346
Wayne Township	.01307
Lawrence-City	.00858
Beech Grove	.00845
Southport	.00025
Speedway	.00722
Indianapolis/Marion County	.86409

(2) Notwithstanding subdivision (1), for the calendar year beginning January 1, 1995, the distributive shares for each civil taxing unit in a county containing a consolidated city shall be not less than the following:

Center Township	$1,898,145
Decatur Township	$164,103
Franklin Township	$173,934
Lawrence Township	$890,086
Perry Township	$854,544
Pike Township	$1,410,375
Warren Township	$1,027,721
Washington Township	$1,017,890
Wayne Township	$988,397
Lawrence-City	$648,848
Beech Grove	$639,017
Southport	$18,906
Speedway	$546,000

(3) For each year after 1995, calculate the total amount of revenues that are to be distributed as distributive shares during

that month as follows:

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

STEP TWO: Determine the total amount of revenue that ~~the department has certified as~~ **will be distributed as** distributive shares for that month under ~~section 17 of~~ this chapter for the calendar year.

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

STEP FOUR: If the STEP THREE result is less than or equal to zero (0), multiply the STEP TWO result by the ratio established under subdivision (1).

STEP FIVE: Determine the ratio of:

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

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

STEP SIX: If the STEP THREE result is greater than zero (0), the STEP ONE amount shall be distributed by multiplying the STEP ONE amount by the ratio established under subdivision (1).

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

STEP EIGHT: For each civil taxing unit determine the difference between the STEP SEVEN amount minus the product of the STEP ONE amount multiplied by the ratio established under subdivision (1). The STEP THREE excess shall be distributed as provided in STEP NINE only to the civil taxing units that have a STEP EIGHT difference greater than or equal to zero (0).

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

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

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

(c) The welfare allocation amount is an amount equal to the sum of the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund and the property taxes imposed by the county in 2008 for the county's county medical assistance to wards fund, family and children's fund, children's psychiatric residential treatment services fund, county hospital care for the indigent fund, children with special health care needs county fund, plus, in the case of Marion County, thirty-five million dollars ($35,000,000).

SECTION 45. IC 6-3.5-6-18.6, AS ADDED BY P.L.26-2009, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 18.6. (a) The county auditor shall timely distribute the ~~certified distribution~~ **revenue** received under ~~section 17 of~~ this chapter to each civil taxing unit that is a recipient of distributive shares as provided by sections 18 and 18.5 of this chapter.

(b) A distribution is considered to be timely made if the distribution **of revenue received during a month** is made not later than ten (10) working days after the ~~date the county treasurer receives the county's certified distribution under section 17 of this chapter.~~ **beginning of the following month.**

SECTION 46. IC 6-3.5-6-22, AS AMENDED BY P.L.146-2008, SECTION 340, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 22. (a) Except as otherwise provided in subsection (b), ~~and~~ the other provisions of this chapter, **and IC 6-3.5-7.5,** all provisions of the adjusted gross income tax law (IC 6-3) concerning:

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

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

(b) The provisions of IC 6-3-1-3.5(a)(6), IC 6-3-3-3, IC 6-3-3-5, and IC 6-3-5-1 do not apply to the tax imposed by this chapter.

(c) Notwithstanding subsections (a) and (b), each employer shall report to the department the amount of withholdings ~~attributable~~ **remitted** to each county **treasurer under IC 6-3-4-0.5.** This report shall be submitted to the department:

(1) each time the employer remits to the department the **state adjusted gross income** tax that is withheld; and

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

SECTION 47. IC 6-3.5-6-23 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 23. (a) Except as provided in subsection (b), if for a particular taxable year a county taxpayer is liable for an income tax imposed by a county, city, town, or other local governmental entity located outside of Indiana, that county taxpayer is entitled to a credit against the county option income tax liability for that same taxable year. The amount of the credit equals the amount of tax imposed by the other governmental entity on income derived from sources outside Indiana and subject to the county option income tax. However, the credit provided by this section may not reduce a county taxpayer's county option income tax liability to an amount less than would have been owed if the income subject to taxation by the other governmental entity had been ignored.

(b) The credit provided by this section does not apply to a county taxpayer to the extent that the other governmental entity provides for a credit to the taxpayer for the amount of county option income taxes owed under this chapter.

(c) To claim the credit provided by this section, a county taxpayer must provide the department **or (in the case of a tax imposed under this article for taxable years beginning after December 31, 2015) the county treasurer** with satisfactory evidence that the taxpayer is entitled to the credit.

SECTION 48. IC 6-3.5-6-27, AS AMENDED BY P.L.182-2009(ss), SECTION 223, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 27. (a) This section applies only to Miami County. Miami County possesses unique economic development challenges due to:

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

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

Maintaining low property tax rates is essential to economic development, and the use of county option income tax revenues as provided in this chapter to pay any bonds issued or leases entered into

to finance the construction, acquisition, improvement, renovation, and equipping described under subsection (c), rather than use of property taxes, promotes that purpose.

(b) In addition to the rates permitted by sections 8 and 9 of this chapter, the county council may impose the county option income tax at a rate of twenty-five hundredths percent (0.25%) on the adjusted gross income of resident county taxpayers if the county council makes the finding and determination set forth in subsection (c). Section 8(e) of this chapter applies to the application of the additional rate to nonresident taxpayers.

(c) In order to impose the county option income tax as provided in this section, the county council must adopt an ordinance finding and determining that revenues from the county option income tax are needed to pay the costs of financing, constructing, acquiring, renovating, and equipping a county jail, including the repayment of bonds issued, or leases entered into, for financing, constructing, acquiring, renovating, and equipping a county jail.

(d) If the county council makes a determination under subsection (c), the county council may adopt a tax rate under subsection (b). The tax rate may not be imposed at a rate or for a time greater than is necessary to pay the costs of financing, constructing, acquiring, renovating, and equipping a county jail.

(e) The county treasurer shall establish a county jail revenue fund to be used only for the purposes described in this section. County option income tax revenues derived from the tax rate imposed under this section shall be deposited in the county jail revenue fund before making ~~a certified distribution~~ **any other distributions of revenue received** under ~~section 18 of~~ this chapter.

(f) County option income tax revenues derived from the tax rate imposed under this section:

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

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

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

~~(g) The budget agency shall adjust the certified distribution of a county to provide for an increased distribution of taxes in the immediately following calendar year after the county adopts an increased tax rate under this section and in each calendar year thereafter. The budget agency shall provide for a full transition to certification of distributions as provided in section 17(a)(1) through~~

~~17(a)(2) of this chapter in the manner provided in section 17(c) of this chapter.~~

SECTION 49. IC 6-3.5-6-28, AS AMENDED BY P.L.261-2013, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 28. (a) This section applies only to Howard County.

(b) Maintaining low property tax rates is essential to economic development, and the use of county option income tax revenues as provided in this section and as needed in the county to fund the operation and maintenance of a jail and juvenile detention center, rather than the use of property taxes, promotes that purpose.

(c) In addition to the rates permitted by sections 8 and 9 of this chapter, the county fiscal body may impose a county option income tax at a rate that does not exceed twenty-five hundredths percent (0.25%) on the adjusted gross income of resident county taxpayers. The tax rate may be adopted in any increment of one hundredth percent (0.01%). Before the county fiscal body may adopt a tax rate under this section, the county fiscal body must make the finding and determination set forth in subsection (d). Section 8(e) of this chapter applies to the application of the additional tax rate to nonresident taxpayers.

(d) In order to impose the county option income tax as provided in this section, the county fiscal body must adopt an ordinance:

(1) finding and determining that revenues from the county option income tax are needed in the county to fund the operation and maintenance of a jail, a juvenile detention center, or both; and

(2) agreeing to freeze the part of any property tax levy imposed in the county for the operation of the jail or juvenile detention center, or both, covered by the ordinance at the rate imposed in the year preceding the year in which a full year of additional county option income tax is certified for distribution to the county under this section for the term in which an ordinance is in effect under this section.

(e) If the county fiscal body makes a determination under subsection (d), the county fiscal body may adopt a tax rate under subsection (c). Subject to the limitations in subsection (c), the county fiscal body may amend an ordinance adopted under this section to increase, decrease, or rescind the additional tax rate imposed under this section. Not more than ten (10) days after the vote, the county fiscal body shall send a certified copy of the ordinance to the county auditor, the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

(f) The county treasurer shall establish a county jail revenue fund to be used only for the purposes described in this section. County option income tax revenues derived from the tax rate imposed under this section shall be deposited in the county jail revenue fund before making ~~a certified distribution~~ **any other distributions of revenue received** under ~~section 18 of~~ this chapter.

(g) County option income tax revenues derived from the tax rate imposed under this section:

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

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

(h) The department of local government finance shall enforce an agreement under subsection (d)(2).

~~(i) The budget agency shall adjust the certified distribution of a county to provide for an increased distribution of taxes in the immediately following calendar year after the county adopts an increased tax rate under this section and in each calendar year thereafter. The budget agency shall provide for a full transition to certification of distributions as provided in section 17(a)(1) through 17(a)(2) of this chapter in the manner provided in section 17(c) of this chapter.~~

~~(j)~~ **(i)** The ~~department~~ **county** shall separately designate a tax rate imposed under this section in any tax form as the Howard County jail operating and maintenance income tax.

SECTION 50. IC 6-3.5-6-29, AS AMENDED BY P.L.261-2013, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 29. (a) This section applies only to Scott County. Scott County is a county in which:

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

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

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

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

promotes the purpose of maintaining low property tax rates.

(b) The county fiscal body may impose the county option income tax on the adjusted gross income of resident county taxpayers at a rate, in addition to the rates permitted by sections 8 and 9 of this chapter, not to exceed twenty-five hundredths percent (0.25%). Section 8(e) of this chapter applies to the application of the additional rate to nonresident taxpayers.

(c) To impose the county option income tax as provided in this section, the county fiscal body must adopt an ordinance finding and determining that additional revenues from the county option income tax are needed in the county to fund:

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

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

(d) If the county fiscal body makes a determination under subsection (c), the county fiscal body may adopt an additional tax rate under subsection (b). Subject to the limitations in subsection (b), the county fiscal body may amend an ordinance adopted under this section to increase, decrease, or rescind the additional tax rate imposed under this section. Not more than ten (10) days after the vote, the county fiscal body shall send a certified copy of the ordinance to the county auditor, the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

(e) If the county imposes an additional tax rate under this section, the county treasurer shall establish a county jail revenue fund to be used only for the purposes described in this section. County option income tax revenues derived from the tax rate imposed under this section shall be deposited in the county jail revenue fund before making ~~a certified distribution~~ **any other distributions of revenue received** under ~~section 18 of~~ this chapter.

(f) County option income tax revenues derived from an additional tax rate imposed under this section:

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

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

(3) may be pledged for the repayment of bonds issued or leases entered into to fund the purposes described in subsection (c)(1), except operation or maintenance.

~~(g) If the county imposes an additional tax rate under this section, the budget agency shall adjust the certified distribution of the county to provide for an increased distribution of taxes in the immediately following calendar year after the county adopts the increased tax rate and in each calendar year thereafter. The budget agency shall provide for a full transition to certification of distributions as provided in section 17(a)(1) through 17(a)(2) of this chapter in the manner provided in section 17(c) of this chapter.~~

SECTION 51. IC 6-3.5-6-30, AS AMENDED BY P.L.153-2014, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 30. (a) In a county in which the county option income tax is in effect, the county income tax council may adopt an ordinance to impose or increase (as applicable) a tax rate under this section.

(b) In a county in which neither the county option adjusted gross income tax nor the county option income tax is in effect, the county income tax council may adopt an ordinance to impose a tax rate under this section.

(c) If a county income tax council adopts an ordinance to impose or increase a tax rate under this section, not more than ten (10) days after the vote, the county auditor shall send a certified copy of the ordinance to the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

(d) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(e) Except as provided in subsection (u), the following apply only in the year in which a county income tax council first imposes a tax rate under this section:

(1) The county income tax council shall, in the ordinance imposing the tax rate, specify the tax rate for each of the following two (2) years.

(2) The tax rate that must be imposed in the county in the first year is equal to the result of:

(A) the tax rate determined for the county under IC 6-3.5-1.5-1(b) in that year; multiplied by

(B) the following:

(i) In a county containing a consolidated city, one and five-tenths (1.5).

(ii) In a county other than a county containing a consolidated

city, two (2).

(3) The tax rate that must be imposed in the county in the second year is the tax rate determined for the county under IC 6-3.5-1.5-1(c). The tax rate under this subdivision continues in effect in later years unless the tax rate is increased under this section.

(4) The levy limitations in IC 6-1.1-18.5-3(b), IC 6-1.1-18.5-3(c), IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its repeal), and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year and to property taxes first due and payable in the calendar year after the ensuing calendar year.

(f) Except as provided in subsection (u), the following apply only in a year in which a county income tax council increases a tax rate under this section:

(1) The county income tax council shall, in the ordinance increasing the tax rate, specify the tax rate for the following year.

(2) The tax rate that must be imposed in the county is equal to the result of:

(A) the tax rate determined for the county under IC 6-3.5-1.5-1(b) in the year the tax rate is increased; plus

(B) the tax rate currently in effect in the county under this section.

The tax rate under this subdivision continues in effect in later years unless the tax rate is increased under this section.

(3) The levy limitations in IC 6-1.1-18.5-3(b), IC 6-1.1-18.5-3(c), IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its repeal), and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year.

(g) Except as provided in subsection (u), the department of local government finance shall determine the following property tax replacement distribution amounts:

STEP ONE: Determine the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(b) for the county in the preceding year.

STEP TWO: For distribution to each civil taxing unit that in the year had a maximum permissible property tax levy limited under IC 6-1.1-18.5-3(b), determine the result of:

(1) the quotient of:

(A) the part of the amount determined under STEP ONE of IC 6-3.5-1.5-1(b) in the preceding year that was attributable to the civil taxing unit; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP THREE: For distributions in 2009 and thereafter, the result of this STEP is zero (0). For distribution to the county for deposit in the county family and children's fund before 2009, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP TWO of IC 6-3.5-1.5-1(b) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP FOUR: For distributions in 2009 and thereafter, the result of this STEP is zero (0). For distribution to the county for deposit in the county children's psychiatric residential treatment services fund before 2009, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP THREE of IC 6-3.5-1.5-1(b) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP FIVE: For distribution to the county for community mental health center purposes, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP FOUR of IC 6-3.5-1.5-1(b) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

Except as provided in subsection (m), the county treasurer shall distribute the portion of the ~~certified distribution~~ **revenue collected under this chapter** that is attributable to a tax rate under this section as specified in this section. The county treasurer shall make the distributions under this subsection at the same time that distributions are made to civil taxing units under section 18 of this chapter.

(h) Notwithstanding sections 12 and 12.5 of this chapter, a county income tax council may not decrease or rescind a tax rate imposed under this section.

(i) The tax rate under this section shall not be considered for purposes of computing:

(1) the maximum income tax rate that may be imposed in a county under section 8 or 9 of this chapter or any other provision of this chapter; or

(2) the maximum permissible property tax levy under IC 6-1.1-18.5-3.

(j) The tax levy under this section shall not be considered for purposes of the credit under IC 6-1.1-20.6.

(k) Except as provided in subsections (t) and (u), a distribution under this section shall be treated as a part of the receiving civil taxing unit's property tax levy for that year for purposes of fixing its budget and for determining the distribution of taxes that are distributed on the basis of property tax levies.

(l) If a county income tax council imposes a tax rate under this section (other than a tax rate imposed under subsection (t)), the county option income tax rate dedicated to locally funded homestead credits in the county may not be decreased.

(m) In the year following the year in which a county first imposes a tax rate under this section:

(1) one-third (1/3) of the tax revenue that is attributable to the tax rate under this section must be deposited in the county stabilization fund established under subsection (o), in the case of a county containing a consolidated city; and

(2) one-half (1/2) of the tax revenue that is attributable to the tax rate under this section (other than a tax rate imposed under subsection (t)) must be deposited in the county stabilization fund established under subsection (o), in the case of a county not containing a consolidated city.

(n) Except as provided in subsection (t) and IC 8-25, a pledge of county option income taxes does not apply to revenue attributable to a tax rate under this section.

(o) Except as provided in subsections (t) and (u), a county stabilization fund is established in each county that imposes a tax rate under this section. The county stabilization fund shall be administered by the county auditor. If for a year the ~~certified distributions~~ **revenue collected under this chapter** attributable to a tax rate under this section ~~exceed~~ **exceeds** the amount calculated under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(b) that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section, the excess shall be deposited in the county stabilization fund. Money shall be distributed from the county stabilization fund in a year by the county auditor to political subdivisions entitled to a distribution of tax revenue

attributable to the tax rate under this section if:

(1) the ~~certified~~ ~~distributions~~ **revenue collected under this chapter** attributable to a tax rate under this section ~~are~~ **is** less than the amount calculated under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(b) that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section for a year; or

(2) the ~~certified~~ ~~distributions~~ **revenue collected under this chapter** attributable to a tax rate under this section in a year ~~are~~ **is** less than the certified distributions **(for calculations before January 1, 2017) attributable to a tax rate under this section in the preceding year or revenue collected under this chapter (for calculations after December 31, 2016)** attributable to a tax rate under this section in the preceding year.

However, subdivision (2) does not apply to the year following the first year in which ~~certified~~ ~~distributions~~ ~~of~~ revenue **received under this chapter** attributable to the tax rate under this section ~~are~~ **is** distributed to the county.

(p) Notwithstanding any other provision, a tax rate imposed under this section may not exceed one percent (1%).

(q) Except as provided in subsection (u), a county income tax council must each year hold at least one (1) public meeting at which the county council discusses whether the tax rate under this section should be imposed or increased.

(r) The department of local government finance, ~~and~~ the department of state revenue, **and the county** may take any actions necessary to carry out the purposes of this section.

(s) Notwithstanding any other provision, in:

(1) Lake County;

(2) Delaware County; and

(3) Madison County;

the county council (and not the county income tax council) is the entity authorized to take actions concerning the additional tax rate under this section.

(t) This subsection applies only to Delaware County and Madison County. If the voters of a county approve a local public question under IC 8-25-2, the fiscal body of the county may, after at least one (1) public meeting, adopt an ordinance to provide for the use of county option income tax revenue attributable to an additional tax rate imposed under this subsection to fund a public transportation project under IC 8-25. However, a county fiscal body shall adopt an ordinance under this subsection if required by IC 8-25-6-10 to impose an

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

(1) retained by the county auditor;

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

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

(u) The following do not apply to an additional tax rate imposed under subsection (t):

(1) Subsection (e).

(2) Subsection (f).

(3) Subsection (g).

(4) Subsection (k).

(5) Subsection (n).

(6) Subsection (o).

(7) Subsection (q).

SECTION 52. IC 6-3.5-6-31, AS AMENDED BY P.L.261-2013, SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 31. (a) As used in this section, "public safety" refers to the following:

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

(2) A firefighting and fire prevention system.

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

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

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

(6) A probation department of a court.

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

(A) diverted before a final hearing or trial under an agreement that is between the county prosecuting attorney and the person or the person's custodian, guardian, or parent and that provides

for confinement, supervision, community corrections services, or other correctional services instead of a final action described in clause (B) or (C);

(B) convicted of a crime; or

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

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

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

(10) A county jail.

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

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

(13) Pension payments for any of the following:

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

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

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

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

(b) The county income tax council may adopt an ordinance to impose an additional tax rate under this section to provide funding for public safety if:

(1) the county income tax council has imposed a tax rate under section 30 of this chapter, in the case of a county containing a consolidated city; or

(2) the county income tax council has imposed a tax rate of at least twenty-five hundredths of one percent (0.25%) under section 30 of this chapter, a tax rate of at least twenty-five hundredths of one percent (0.25%) under section 32 of this chapter, or a total combined tax rate of at least twenty-five hundredths of one percent (0.25%) under sections 30 and 32 of this chapter, in the case of a county other than a county containing a consolidated city.

(c) A tax rate under this section may not exceed the following:

(1) Five-tenths of one percent (0.5%), in the case of a county

containing a consolidated city.

(2) Twenty-five hundredths of one percent (0.25%), in the case of a county other than a county containing a consolidated city.

(d) If a county income tax council adopts an ordinance to impose a tax rate under this section, not more than ten (10) days after the vote, the county auditor shall send a certified copy of the ordinance to the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

(e) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(f) Except as provided in subsections (l) and (m), the county auditor shall distribute the portion of the ~~certified distribution~~ **revenue collected under this chapter** that is attributable to a tax rate under this section to the county and to each municipality in the county that is carrying out or providing at least one (1) of the public safety purposes described in subsection (a). The amount that shall be distributed to the county or municipality is equal to the result of:

(1) the portion of the ~~certified distribution~~ **revenue collected under this chapter** that is attributable to a tax rate under this section; multiplied by

(2) a fraction equal to:

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

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

The county auditor shall make the distributions required by this subsection not more than thirty (30) days after receiving the portion of the ~~certified distribution~~ **revenue collected under this chapter** that is attributable to a tax rate under this section. Tax revenue distributed to a county or municipality under this subsection must be deposited into a separate account or fund and may be appropriated by the county or municipality only for public safety purposes.

(g) The department of local government finance may not require a county or municipality receiving tax revenue under this section to reduce the county's or municipality's property tax levy for a particular year on account of the county's or municipality's receipt of the tax revenue.

(h) The tax rate under this section and the tax revenue attributable

to the tax rate under this section shall not be considered for purposes of computing:

(1) the maximum income tax rate that may be imposed in a county under section 8 or 9 of this chapter or any other provision of this chapter;

(2) the maximum permissible property tax levy under IC 6-1.1-18.5-3; or

(3) the credit under IC 6-1.1-20.6.

(i) The tax rate under this section may be imposed or rescinded at the same time and in the same manner that the county may impose or increase a tax rate under section 30 of this chapter.

(j) The department of local government finance, ~~and~~ the department of state revenue, **and the county** may take any actions necessary to carry out the purposes of this section.

(k) Notwithstanding any other provision, in Lake County the county council (and not the county income tax council) is the entity authorized to take actions concerning the additional tax rate under this section.

(l) Two (2) or more political subdivisions that are entitled to receive a distribution under this section may adopt resolutions providing that some part or all of those distributions shall instead be paid to one (1) political subdivision in the county to carry out specific public safety purposes specified in the resolutions.

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

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

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

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

remainder of the tax revenue is distributed under subsection (f).

SECTION 53. IC 6-3.5-6-32, AS AMENDED BY P.L.261-2013, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 32. (a) A county income tax council may impose a tax rate under this section to provide property tax relief to taxpayers in the county. A county income tax council is not required to impose any other tax before imposing a tax rate under this section.

(b) A tax rate under this section may be imposed in increments of five-hundredths of one percent (0.05%) determined by the county income tax council. A tax rate under this section may not exceed one percent (1%).

(c) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(d) If a county income tax council adopts an ordinance to impose or increase a tax rate under this section, not more than ten (10) days after the vote, the county auditor shall send a certified copy of the ordinance to the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

(e) A tax rate under this section may be imposed, increased, decreased, or rescinded at the same time and in the same manner that the county income tax council may impose or increase a tax rate under section 30 of this chapter.

(f) Tax revenue attributable to a tax rate under this section may be used for any combination of the following purposes, as specified by ordinance of the county income tax council:

(1) The tax revenue may be used to provide local property tax replacement credits at a uniform rate to all taxpayers in the county. The local property tax replacement credits shall be treated for all purposes as property tax levies. The county auditor shall determine the local property tax replacement credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide local property tax replacement credits in that year. A county income tax council may not adopt an ordinance determining that tax revenue shall be used under this subdivision to provide local property tax replacement credits at a uniform rate to all taxpayers in the county unless the county council has done the following:

(A) Made available to the public the county council's best estimate of the amount of property tax replacement credits to

be provided under this subdivision to homesteads, other residential property, commercial property, industrial property, and agricultural property.

(B) Adopted a resolution or other statement acknowledging that some taxpayers in the county that do not pay the tax rate under this section will receive a property tax replacement credit that is funded with tax revenue from the tax rate under this section.

(2) The tax revenue may be used to uniformly increase (before January 1, 2011) or uniformly provide (after December 31, 2010) the homestead credit percentage in the county. The homestead credits shall be treated for all purposes as property tax levies. The homestead credits do not reduce the basis for determining any state homestead credit. The homestead credits shall be applied to the net property taxes due on the homestead after the application of all other assessed value deductions or property tax deductions and credits that apply to the amount owed under IC 6-1.1. The county auditor shall determine the homestead credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide homestead credits in that year.

(3) The tax revenue may be used to provide local property tax replacement credits at a uniform rate for all qualified residential property (as defined in IC 6-1.1-20.6-4 before January 1, 2009, and as defined in section 1 of this chapter after December 31, 2008) in the county. The local property tax replacement credits shall be treated for all purposes as property tax levies. The county auditor shall determine the local property tax replacement credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide local property tax replacement credits in that year.

(4) This subdivision applies only to Lake County. The Lake County council may adopt an ordinance providing that the tax revenue from the tax rate under this section is used for any of the following:

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

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

(i) The tax revenue under this section that is collected from taxpayers within a particular municipality in Lake County

(as determined by the department based on the department's best estimate) shall be used only to provide a local property tax credit against property taxes imposed by that municipality.

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

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

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

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

The Lake County council shall determine whether the credits under clause (A), (B), or (C) shall be provided to homesteads, to all qualified residential property, or to all taxpayers. The department of local government finance, with the assistance of the budget agency, shall certify to the county auditor and the fiscal body of the county and each township and municipality in the county the amount of property tax credits under this subdivision. Except as provided in subsection (g), the tax revenue under this section that is used to provide credits under this subdivision shall be treated for all purposes as property tax levies.

The county income tax council may adopt an ordinance changing the purposes for which tax revenue attributable to a tax rate under this section shall be used in the following year.

(g) The tax rate under this section shall not be considered for purposes of computing:

(1) the maximum income tax rate that may be imposed in a county

under section 8 or 9 of this chapter or any other provision of this chapter;

(2) the maximum permissible property tax levy under IC 6-1.1-18.5-3; or

(3) the credit under IC 6-1.1-20.6.

(h) Tax revenue under this section shall be treated as a part of the receiving civil taxing unit's or school corporation's property tax levy for that year for purposes of fixing the budget of the civil taxing unit or school corporation and for determining the distribution of taxes that are distributed on the basis of property tax levies. To the extent the county auditor determines that there is income tax revenue remaining from the tax under this section after providing the property tax replacement, the excess shall be credited to a dedicated county account and may be used only for property tax replacement under this section in subsequent years.

(i) The department of local government finance, ~~and~~ the department of state revenue, **and the county** may take any actions necessary to carry out the purposes of this section.

(j) Notwithstanding any other provision, in Lake County the county council (and not the county income tax council) is the entity authorized to take actions concerning the tax rate under this section.

SECTION 54. IC 6-3.5-6-33, AS AMENDED BY P.L.261-2013, SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 33. (a) This section applies only to Monroe County.

(b) Maintaining low property tax rates is essential to economic development, and the use of county option income tax revenues as provided in this chapter and as needed in the county to fund the operation and maintenance of a juvenile detention center and other facilities to provide juvenile services, rather than the use of property taxes, promotes that purpose.

(c) In addition to the rates permitted by sections 8 and 9 of this chapter, the county fiscal body may impose an additional county option income tax at a rate of not more than twenty-five hundredths percent (0.25%) on the adjusted gross income of resident county taxpayers if the county fiscal body makes the finding and determination set forth in subsection (d). Section 8(e) of this chapter applies to the application of the additional rate to nonresident taxpayers.

(d) In order to impose the county option income tax as provided in this section, the county fiscal body must adopt an ordinance:

(1) finding and determining that revenues from the county option income tax are needed in the county to fund the operation and

maintenance of a juvenile detention center and other facilities necessary to provide juvenile services; and

(2) agreeing to freeze for the term in which an ordinance is in effect under this section the part of any property tax levy imposed in the county for the operation of the juvenile detention center and other facilities covered by the ordinance at the rate imposed in:

(A) the year preceding the year in which a full year of additional county option income tax is certified for distribution to the county under this section **(in the case of an ordinance adopted under this section before July 1, 2015); or**

(B) the year preceding the year in which a full year of additional county option income tax is received under this section (in the case of an ordinance adopted under this section after June 30, 2015).

(e) If the county fiscal body makes a determination under subsection (d), the county fiscal body may adopt a tax rate under subsection (c). Subject to the limitations in subsection (c), the county fiscal body may amend an ordinance adopted under this section to increase, decrease, or rescind the additional tax rate imposed under this section. Not more than ten (10) days after the vote, the county fiscal body shall send a certified copy of the ordinance to the county auditor, the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

(f) The county treasurer shall establish a county juvenile detention center revenue fund to be used only for the purposes described in this section. County option income tax revenues derived from the tax rate imposed under this section shall be deposited in the county juvenile detention center revenue fund before ~~a certified distribution is made~~ **making any other distribution of revenue collected** under ~~section 18 of~~ this chapter.

(g) County option income tax revenues derived from the tax rate imposed under this section:

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

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

(h) The department of local government finance shall enforce an agreement made under subsection (d)(2).

~~(i) The budget agency shall adjust the certified distribution of a county to provide for an increased distribution of taxes in the~~

~~immediately following calendar year after the county adopts an increased tax rate under this section and in each calendar year thereafter. The budget agency shall provide for a full transition to certification of distributions as provided in section 17(a)(1) through 17(a)(2) of this chapter in the manner provided in section 17(c) of this chapter.~~

SECTION 55. IC 6-3.5-7-5, AS AMENDED BY P.L.153-2014, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 5. (a) Except as provided in subsection (c), the county economic development income tax may be imposed on the adjusted gross income of county taxpayers. Except as provided in section 26(m) of this chapter, the entity that may impose the tax is:

(1) the county income tax council (as defined in IC 6-3.5-6-1) if the county option income tax is in effect on October 1 of the year the county economic development income tax is imposed;

(2) the county council if the county adjusted gross income tax is in effect on October 1 of the year the county economic development tax is imposed; or

(3) the county income tax council or the county council, whichever acts first, for a county not covered by subdivision (1) or (2).

To impose the county economic development income tax, a county income tax council shall use the procedures set forth in IC 6-3.5-6 concerning the imposition of the county option income tax.

(b) Except as provided in this section and section 28 of this chapter, the county economic development income tax may be imposed at a rate of:

(1) one-tenth percent (0.1%);

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

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

(4) three-tenths percent (0.3%);

(5) thirty-five hundredths percent (0.35%);

(6) four-tenths percent (0.4%);

(7) forty-five hundredths percent (0.45%); or

(8) five-tenths percent (0.5%);

on the adjusted gross income of county taxpayers.

(c) Except as provided in this section, the county economic development income tax rate plus the county adjusted gross income tax rate, if any, that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%). Except as provided in this section, the county economic development tax rate plus the county option income tax rate, if any, that are in effect on January 1 of a year

may not exceed one percent (1%).

(d) To impose, increase, decrease, or rescind the county economic development income tax, the appropriate body must adopt an ordinance.

(e) The ordinance to impose the tax must substantially state the following:

"The _____ County _____ imposes the county economic development income tax on the county taxpayers of _____ County. The county economic development income tax is imposed at a rate of _____ percent (____%) on the county taxpayers of the county.".

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this chapter and shall, not more than ten (10) days after the vote, send a certified copy of the results to the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

(g) For Jackson County, except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and thirty-five hundredths percent (1.35%) if the county has imposed the county adjusted gross income tax at a rate of one and one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

(h) For Pulaski County, except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and fifty-five hundredths percent (1.55%).

(i) For Wayne County, except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(j) This subsection applies to Randolph County. Except as provided in subsection (o), in addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%);

if the county council makes a determination to impose rates under this

subsection and section 22.5 of this chapter.

(k) For Daviess County, except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(l) For:

(1) Elkhart County; or

(2) Marshall County;

except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(m) For Union County, except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(n) This subsection applies to Knox County. Except as provided in subsection (o), in addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) the sum of the county economic development income tax rate and:

(A) the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%); or

(B) the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%);

if the county council makes a determination to impose rates under this subsection and section 24 of this chapter.

(o) This subsection applies to a county in which an adopting entity approves the use of the ~~certified distribution~~ **revenue collected under this chapter** for property tax relief under section 26(c) and 26(e) of this chapter or to a county in which the county fiscal body approves the use of the ~~certified distribution~~ **revenue collected under this chapter** to fund a public transportation project under section 26(m) of this chapter. In addition:

(1) the county economic development income tax may be imposed at a rate that exceeds by not more than twenty-five hundredths percent (0.25%) the maximum rate that would otherwise apply under this section; and

(2) the:

(A) county economic development income tax; and

(B) county option income tax or county adjusted gross income tax;

may be imposed at combined rates that exceed by not more than twenty-five hundredths percent (0.25%) the maximum combined rates that would otherwise apply under this section.

Except as provided in section 5.5 of this chapter, the additional rate imposed under this subsection may not exceed the amount necessary to mitigate the increased ad valorem property taxes on homesteads (as defined in IC 6-1.1-20.9-1 (repealed) before January 1, 2009, or IC 6-1.1-12-37 after December 31, 2008) or residential property (as defined in section 26 of this chapter), as appropriate under the ordinance adopted by the adopting body in the county, resulting from the deduction of the assessed value of inventory in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42 or from the exclusion in 2008 of inventory from the definition of personal property in IC 6-1.1-1-11.

(p) If the county economic development income tax is imposed as authorized under subsection (o) at a rate that exceeds the maximum rate that would otherwise apply under this section, the ~~certified distribution~~ **revenue collected under this chapter** must be used for a purpose provided in section 26 of this chapter to the extent that the ~~certified distribution~~ **revenue collected under this chapter** results from the difference between:

(1) the actual county economic development tax rate; and

(2) the maximum rate that would otherwise apply under this section.

(q) This subsection applies only to a county described in section 27 of this chapter. Except as provided in subsection (o), in addition to the rates permitted by subsection (b), the:

(1) county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%);

if the county council makes a determination to impose rates under this subsection and section 27 of this chapter.

(r) Except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%) if the county has imposed the county adjusted gross income tax under IC 6-3.5-1.1-3.3.

(s) This subsection applies to Howard County. Except as provided

in subsection (o), the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).

(t) This subsection applies to Scott County. Except as provided in subsection (o), the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).

(u) This subsection applies to Jasper County. Except as provided in subsection (o), the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(v) An additional county economic development income tax rate imposed under section 28 of this chapter may not be considered in calculating any limit under this section on the sum of:

(1) the county economic development income tax rate plus the county adjusted gross income tax rate; or

(2) the county economic development tax rate plus the county option income tax rate.

(w) The income tax rate limits imposed by subsection (c) or (x) or any other provision of this chapter do not apply to:

(1) a county adjusted gross income tax rate imposed under IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26; or

(2) a county option income tax rate imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.

For purposes of computing the maximum combined income tax rate under subsection (c) or (x) or any other provision of this chapter that may be imposed in a county under IC 6-3.5-1.1, IC 6-3.5-6, and this chapter, a county's county adjusted gross income tax rate or county option income tax rate for a particular year does not include the county adjusted gross income tax rate imposed under IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26 or the county option income tax rate imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.

(x) This subsection applies to Monroe County. Except as provided in subsection (o), if an ordinance is adopted under IC 6-3.5-6-33, the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).

(y) This subsection applies to Perry County. Except as provided in subsection (o), if an ordinance is adopted under section 27.5 of this

chapter, the county economic development income tax rate plus the county option income tax rate that is in effect on January 1 of a year may not exceed one and seventy-five hundredths percent (1.75%).

(z) This subsection applies to Starke County. Except as provided in subsection (o), if an ordinance is adopted under section 27.6 of this chapter, the county economic development income tax rate plus the county adjusted gross income tax rate that is in effect on January 1 of a year may not exceed two percent (2%).

SECTION 56. IC 6-3.5-7-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 10. (a) ~~A~~ **On February 1, 2016, and on November 1, 2016, the auditor of state shall transfer to each county ninety-five percent (95%) of the balance on those dates in the** special account **established** within the state general fund ~~shall be established~~ for ~~each~~ **that** county ~~adopting the county economic development income tax. Any revenue derived from the imposition of the county economic development income tax by a county shall be credited to that county's account in the state general fund.~~ **and ninety-five percent (95%) of any other balances on those dates of county economic development income tax withheld or otherwise paid by or on behalf of county taxpayers.**

~~(b) Any income earned on money credited to an account under subsection (a) becomes a part of that account.~~

~~(c) Any revenue credited to an account established under subsection (a) at the end of a fiscal year may not be credited to any other account in the state general fund.~~

(b) The balances remaining after making the transfers required under subsection (a) shall be used to pay any refunds of county economic development income tax for taxable years beginning before January 1, 2016. On January 1, 2019:

(1) any remaining balances of county economic development income tax withheld or otherwise paid by or on behalf of county taxpayers shall be transferred to the county treasurer; and

(2) the special account established within the state general fund for that county is abolished.

(c) This section expires June 30, 2019.

SECTION 57. IC 6-3.5-7-10.3 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: **Sec. 10.3. (a) Revenue derived from the imposition of the county economic development income tax by the county and received by a county treasurer under this chapter, including any amounts transferred under section 10 of this**

chapter, shall be deposited by the county treasurer in a special fund.

(b) Any income earned on money held in a special fund under subsection (c) becomes a part of that fund.

(c) Any revenue remaining in a fund established under subsection (a):

(1) does not revert to the county general fund; and

(2) shall be distributed as provided in this chapter.

SECTION 58. IC 6-3.5-7-10.5 IS REPEALED [EFFECTIVE JANUARY 1, 2016]. ~~Sec. 10.5. Before October 2 of each year, the department shall submit a report to each county auditor indicating the balance in the county's special account as of the cutoff date set by the budget agency.~~

SECTION 59. IC 6-3.5-7-11 IS REPEALED [EFFECTIVE JANUARY 1, 2016]. ~~Sec. 11. (a) Revenue derived from the imposition of the county economic development income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it.~~

~~(b) Before August 2 of each calendar year, the budget agency shall provide to the county auditor of each adopting county an estimate of the amount determined under subsection (a) that will be distributed to the county, based on known tax rates. Not later than thirty (30) days after receiving the estimate of the certified distribution, the county auditor shall notify each taxing unit entitled to receive a distribution under this chapter of the estimated amount of the distribution and other revenue that will be distributed to the taxing unit under this chapter during the ensuing calendar year. Before October 1 of each calendar year, the budget agency shall certify to the county auditor of each adopting county the sum of the amount of county economic development income tax revenue that the budget agency determines has been:~~

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

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

~~as adjusted for refunds of county economic development income tax made in the state fiscal year plus the amount of interest in the county's account that has been accrued and has not been included in a certification made in a preceding year. The amount certified is the county's certified distribution, which shall be distributed on the dates specified in section 16 of this chapter for the following calendar year.~~

~~(c) The amount certified under subsection (b) shall be adjusted~~

~~under subsections (d), (e), (f), and (g). Not later than thirty (30) days after receiving the notice of the amount of the certified distribution, the county auditor shall notify each taxing unit entitled to receive a distribution under this chapter of the amount of distribution and other revenue that will be distributed to the taxing unit under this chapter during the ensuing calendar year. The budget agency shall provide the county council with an informative summary of the calculations used to determine the certified distribution. The summary of calculations must include:~~

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

~~(2) adjustments for over distributions in prior years;~~

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

~~(4) adjustments for tax rate changes; and~~

~~(5) the amount of excess account balances to be distributed under IC 6-3.5-7-17.3.~~

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

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

~~(f) The budget agency shall adjust the certified distribution of a county to provide the county with the amount of any tax increase imposed under section 26 of this chapter to provide additional homestead credits as provided in those provisions.~~

~~(g) This subsection applies to a county that imposes, increases, decreases, or rescinds a tax or tax rate under this chapter before November 1 in the same calendar year in which the budget agency makes a certification under this section. The budget agency shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The budget agency shall provide for a full transition to certification of distributions as provided in subsection (b)(1) through (b)(2) in the manner provided in subsection (d). If the county imposes,~~

~~increases, decreases, or rescinds a tax or tax rate under this chapter after the date for which a certification under subsection (b) is based, the budget agency shall adjust the certified distribution of the county after September 30 of the calendar year. The adjustment shall reflect any other adjustment authorized under subsections (c), (d), (e), and (f). The adjusted certification shall be treated as the county's certified distribution for the immediately succeeding calendar year. The budget agency shall certify the adjusted certified distribution to the county auditor for the county and provide the county council with an informative summary of the calculations that revises the informative summary provided in subsection (c) and reflects the changes made in the adjustment.~~

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

~~(i) The budget agency shall before May 1 of every even-numbered year publish an estimate of the statewide total amount of certified distributions to be made under this chapter during the following calendar year.~~

~~(j) The estimates under subsections (h) and (i) must specify the amount of the estimated certified distributions that are attributable to any additional rates authorized under this chapter.~~

SECTION 60. IC 6-3.5-7-12, AS AMENDED BY P.L.137-2012, SECTION 98, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 12. (a) Except as provided in sections 23, 26, 27, 27.5, 27.6, and 28 of this chapter, the county auditor shall distribute **revenue collected under this chapter** in the manner specified in this section ~~the certified distribution~~ to the county.

(b) Except as provided in subsections (c) and (h) and section 15 of this chapter, and subject to adjustment as provided in IC 36-8-19-7.5, the amount of the ~~certified distribution~~ **revenue collected under this chapter** that the county and each city or town in a county is entitled to receive each month of each year equals the product of the following:

(1) The amount of the ~~certified distribution~~ **revenue collected under this chapter** for that month; multiplied by

(2) A fraction. The numerator of the fraction equals the sum of:

(A) total property taxes that are first due and payable to the county, city, or town during the calendar year in which the month falls; plus

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

The denominator of the fraction equals the sum of the total

property taxes that are first due and payable to the county and all cities and towns of the county during the calendar year in which the month falls, plus the welfare allocation amount. The welfare allocation amount is an amount equal to the sum of the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund and, if the county received a certified distribution under this chapter in 2008, the property taxes imposed by the county in 2008 for the county's county medical assistance to wards fund, family and children's fund, children's psychiatric residential treatment services fund, county hospital care for the indigent fund, and children with special health care needs county fund.

(c) This subsection applies to a county council or county income tax council that imposes a tax under this chapter after June 1, 1992. The body imposing the tax may adopt an ordinance before August 2 of a year to provide for the distribution of ~~certified distributions~~ **revenue collected under this chapter** under this subsection instead of a distribution under subsection (b). The following apply if an ordinance is adopted under this subsection:

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

(2) Except as provided in section 26 of this chapter, the amount of the ~~certified distribution~~ **revenue collected under this chapter** that the county and each city and town in the county is entitled to receive during each month of each year equals the product of:

(A) the amount of the ~~certified distribution~~ **revenue collected under this chapter** for the month; multiplied by

(B) a fraction. For a city or town, the numerator of the fraction equals the population of the city or the town. For a county, the numerator of the fraction equals the population of the part of the county that is not located in a city or town. The denominator of the fraction equals the sum of the population of all cities and towns located in the county and the population of the part of the county that is not located in a city or town.

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

(d) The body imposing the tax may not adopt an ordinance under subsection (c) if, before the adoption of the proposed ordinance, any of the following have pledged the county economic development income tax for any purpose permitted by IC 5-1-14 or any other statute:

(1) The county.

(2) A city or town in the county.

(3) A commission, a board, a department, or an authority that is

authorized by statute to pledge the county economic development income tax.

(e) The department of local government finance shall provide each county auditor with the fractional amount of the ~~certified distribution~~ **revenue collected under this chapter** that the county and each city or town in the county is entitled to receive under this section.

(f) Money received by a county, city, or town under this section shall be deposited in the unit's economic development income tax fund.

(g) Except as provided in subsection (b)(2)(B), in determining the fractional amount of the ~~certified distribution~~ **revenue collected under this chapter** the county and its cities and towns are entitled to receive under subsection (b) during a calendar year, the department of local government finance shall consider only property taxes imposed on tangible property subject to assessment in that county.

(h) In a county having a consolidated city, only the consolidated city is entitled to the ~~certified distribution,~~ **revenue collected under this chapter,** subject to the requirements of sections 15 and 26 of this chapter.

SECTION 61. IC 6-3.5-7-13.1, AS AMENDED BY P.L.137-2012, SECTION 99, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 13.1. (a) The fiscal officer of each county, city, or town for a county in which the county economic development tax is imposed shall establish an economic development income tax fund. Except as provided in sections 23, 26, 27, 27.5, and 27.6 of this chapter, the revenue received by a county, city, or town under this chapter shall be deposited in the unit's economic development income tax fund.

(b) As used in this subsection, "homestead" means a homestead that is eligible for a standard deduction under IC 6-1.1-12-37. Except as provided in sections 15, 23, 26, 27, 27.5, and 27.6 of this chapter, revenues from the county economic development income tax may be used as follows:

(1) By a county, city, or town for economic development projects, for paying, notwithstanding any other law, under a written agreement all or a part of the interest owed by a private developer or user on a loan extended by a financial institution or other lender to the developer or user if the proceeds of the loan are or are to be used to finance an economic development project, for the retirement of bonds under section 14 of this chapter for economic development projects, for leases under section 21 of this chapter, or for leases or bonds entered into or issued prior to the date the economic development income tax was imposed if

the purpose of the lease or bonds would have qualified as a purpose under this chapter at the time the lease was entered into or the bonds were issued.

(2) By a county, city, or town for:

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

(B) the retirement of bonds issued under any provision of Indiana law for a capital project;

(C) the payment of lease rentals under any statute for a capital project;

(D) contract payments to a nonprofit corporation whose primary corporate purpose is to assist government in planning and implementing economic development projects;

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

(F) to the extent not otherwise allowed under this chapter, funding substance removal or remedial action in a designated unit; or

(G) funding of a revolving fund established under IC 5-1-14-14.

(3) By a county, city, or town for any lawful purpose for which money in any of its other funds may be used.

(4) By a city or county described in IC 36-7.5-2-3(b) for making transfers required by IC 36-7.5-4-2. If the county economic development income tax rate is increased after April 30, 2005, in Porter County, the first three million five hundred thousand dollars ($3,500,000) of the tax revenue that results each year from the tax rate increase shall be used by the county or by eligible municipalities (as defined in IC 36-7.5-1-11.3) in the county only to make the county's transfer required by IC 36-7.5-4-2. The first three million five hundred thousand dollars ($3,500,000) of the tax revenue that results each year from the tax rate increase shall be paid by the county treasurer to the treasurer of the northwest Indiana regional development authority under IC 36-7.5-4-2 before ~~certified distributions~~ **distributions of revenue collected under this chapter** are made to the county or any cities or towns in the county under this chapter from the tax revenue that results each year from the tax rate increase. If Porter County ceases to be a member of the northwest Indiana regional development authority under IC 36-7.5 but two (2) or more municipalities in

the county have become members of the northwest Indiana regional development authority as authorized by IC 36-7.5-2-3(i), the county treasurer shall continue to transfer the three million five hundred thousand dollars ($3,500,000) to the treasurer of the northwest Indiana regional development authority under IC 36-7.5-4-2 before ~~certified distributions~~ **distributions of revenue collected under this chapter** are made to the county or any cities or towns in the county. In Porter County, all of the tax revenue that results each year from the tax rate increase that is in excess of the first three million five hundred thousand dollars ($3,500,000) that results each year from the tax rate increase must be used by the county and cities and towns in the county for homestead credits under subdivision (5).

(5) This subdivision applies only in Porter County. All of the tax revenue that results each year from a tax rate increase described in subdivision (4) that is in excess of the first three million five hundred thousand dollars ($3,500,000) that results each year from the tax rate increase must be used by the county and cities and towns in the county for homestead credits under this subdivision. The following apply to homestead credits provided under this subdivision:

(A) The homestead credits must be applied uniformly to provide a homestead credit for homesteads in the county, city, or town.

(B) The homestead credits shall be treated for all purposes as property tax levies.

(C) The homestead credits shall be applied to the net property taxes due on the homestead after the application of all other assessed value deductions or property tax deductions and credits that apply to the amount owed under IC 6-1.1.

(D) The department of local government finance shall determine the homestead credit percentage for a particular year based on the amount of county economic development income tax revenue that will be used under this subdivision to provide homestead credits in that year.

(6) This subdivision applies only in Lake County. The county or a city or town in the county may use county economic development income tax revenue to provide homestead credits in the county, city, or town. The following apply to homestead credits provided under this subdivision:

(A) The county, city, or town fiscal body must adopt an ordinance authorizing the homestead credits. The ordinance

must specify the amount of county economic development income tax revenue that will be used to provide homestead credits in the following year.

(B) The county, city, or town fiscal body that adopts an ordinance under this subdivision must forward a copy of the ordinance to the county auditor and the department of local government finance not more than thirty (30) days after the ordinance is adopted.

(C) The homestead credits must be applied uniformly to increase the homestead credit under IC 6-1.1-20.9 (repealed) for homesteads in the county, city, or town (for property taxes first due and payable before January 1, 2009) or to provide a homestead credit for homesteads in the county, city, or town (for property taxes first due and payable after December 31, 2008).

(D) The homestead credits shall be treated for all purposes as property tax levies.

(E) The homestead credits shall be applied to the net property taxes due on the homestead after the application of all other assessed value deductions or property tax deductions and credits that apply to the amount owed under IC 6-1.1.

(F) The department of local government finance shall determine the homestead credit percentage for a particular year based on the amount of county economic development income tax revenue that will be used under this subdivision to provide homestead credits in that year.

(7) For a regional venture capital fund established under section 13.5 of this chapter or a local venture capital fund established under section 13.6 of this chapter.

(8) This subdivision applies only to LaPorte County, if:

(A) the county fiscal body has adopted an ordinance under IC 36-7.5-2-3(e) providing that the county is joining the northwest Indiana regional development authority; and

(B) the fiscal body of the city described in IC 36-7.5-2-3(e) has adopted an ordinance under IC 36-7.5-2-3(e) providing that the city is joining the development authority.

Revenue from the county economic development income tax may be used by a county or a city described in this subdivision for making transfers required by IC 36-7.5-4-2. In addition, if the county economic development income tax rate is increased after June 30, 2006, in the county, the first three million five hundred thousand dollars ($3,500,000) of the tax revenue that results each

year from the tax rate increase shall be used by the county only to make the county's transfer required by IC 36-7.5-4-2. The first three million five hundred thousand dollars ($3,500,000) of the tax revenue that results each year from the tax rate increase shall be paid by the county treasurer to the treasurer of the northwest Indiana regional development authority under IC 36-7.5-4-2 before ~~certified~~ distributions **of revenue collected under this chapter** are made to the county or any cities or towns in the county under this chapter from the tax revenue that results each year from the tax rate increase. All of the tax revenue that results each year from the tax rate increase that is in excess of the first three million five hundred thousand dollars ($3,500,000) that results each year from the tax rate increase must be used by the county and cities and towns in the county for homestead credits under subdivision (9).

(9) This subdivision applies only to LaPorte County. All of the tax revenue that results each year from a tax rate increase described in subdivision (8) that is in excess of the first three million five hundred thousand dollars ($3,500,000) that results each year from the tax rate increase must be used by the county and cities and towns in the county for homestead credits under this subdivision. The following apply to homestead credits provided under this subdivision:

(A) The homestead credits must be applied uniformly to provide a homestead credit for homesteads in the county, city, or town.

(B) The homestead credits shall be treated for all purposes as property tax levies.

(C) The homestead credits shall be applied to the net property taxes due on the homestead after the application of all other assessed value deductions or property tax deductions and credits that apply to the amount owed under IC 6-1.1.

(D) The department of local government finance shall determine the homestead credit percentage for a particular year based on the amount of county economic development income tax revenue that will be used under this subdivision to provide homestead credits in that year.

(c) As used in this section, an economic development project is any project that:

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

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

(B) attract a major new business enterprise to the unit; or
(C) retain or expand a significant business enterprise within the unit; and
(2) involves an expenditure for:
(A) the acquisition of land;
(B) interests in land;
(C) site improvements;
(D) infrastructure improvements;
(E) buildings;
(F) structures;
(G) rehabilitation, renovation, and enlargement of buildings and structures;
(H) machinery;
(I) equipment;
(J) furnishings;
(K) facilities;
(L) administrative expenses associated with such a project, including contract payments authorized under subsection (b)(2)(D);
(M) operating expenses authorized under subsection (b)(2)(E); or
(N) to the extent not otherwise allowed under this chapter, substance removal or remedial action in a designated unit;

or any combination of these.

(d) If there are bonds outstanding that have been issued under section 14 of this chapter or leases in effect under section 21 of this chapter, the county or a city or town may not expend money from its economic development income tax fund for a purpose authorized under subsection (b)(3) in a manner that would adversely affect owners of the outstanding bonds or payment of any lease rentals due.

SECTION 62. IC 6-3.5-7-15, AS AMENDED BY P.L.137-2012, SECTION 100, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 15. (a) The executive of a county, city, or town may, subject to the use of the ~~certified distribution~~ **revenue collected under this chapter** permitted under section 26 of this chapter:

(1) adopt a capital improvement plan specifying the uses of the revenues to be received under this chapter; or
(2) designate the county or a city or town in the county as the recipient of all or a part of its share of the ~~distribution.~~ **revenue collected under this chapter.**

(b) If a designation is made under subsection (a)(2), the county

treasurer shall transfer the share or part of the share to the designated unit unless that unit does not have a capital improvement plan.

(c) A county, city, or town that fails to adopt a capital improvement plan may not receive:

(1) its fractional amount of the ~~certified distribution;~~ **revenue collected under this chapter;** or

(2) any amount designated under subsection (a)(2);

for the year or years in which the unit does not have a plan. The county treasurer shall retain the ~~certified distribution~~ **unit's part of the revenue collected under this chapter** and any designated distribution for such a unit in a separate account until the unit adopts a plan. Interest on the separate account becomes part of the account. If a unit fails to adopt a plan for a period of three (3) years, then the balance in the separate account shall be distributed to the other units in the county based on property taxes first due and payable to the units during the calendar year in which the three (3) year period expires.

(d) A capital improvement plan must include the following components:

(1) Identification and general description of each project that would be funded by the county economic development income tax.

(2) The estimated total cost of the project.

(3) Identification of all sources of funds expected to be used for each project.

(4) The planning, development, and construction schedule of each project.

(e) A capital improvement plan:

(1) must encompass a period of no less than two (2) years; and

(2) must incorporate projects the cost of which is at least seventy-five percent (75%) of the fractional amount ~~certified distribution~~ **of the revenue collected under this chapter that is** expected to be received by the county, city, or town in that period of time.

(f) In making a designation under subsection (a)(2), the executive must specify the purpose and duration of the designation. If the designation is made to provide for the payment of lease rentals or bond payments, the executive may specify that the designation and its duration are irrevocable.

SECTION 63. IC 6-3.5-7-16 IS REPEALED [EFFECTIVE JANUARY 1, 2016]. ~~Sec. 16. (a) One-twelfth (1/12) of each county's certified distribution for a calendar year shall be distributed from its account established under section 10 of this chapter to the appropriate~~

~~county treasurer on the first regular business day of each month of that calendar year.~~

~~(b) All distributions from an account established under section 10 of this chapter shall be made by warrants issued by the auditor of state to the treasurer of state ordering the appropriate payments.~~

SECTION 64. IC 6-3.5-7-16.5, AS ADDED BY P.L.26-2009, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 16.5. (a) **Except as otherwise provided,** the county auditor shall timely distribute the ~~certified distribution received under section 12 of~~ **revenue collected under** this chapter to **the county and to** each city and town ~~that is a recipient of a certified distribution.~~ **in the county.**

(b) A distribution **of revenue** is considered to be timely made if the distribution **of revenue received during a month** is made not later than ten (10) working days after the ~~date the county treasurer receives the county's certified distribution under section 12 of this chapter.~~ **beginning of the following month.**

SECTION 65. IC 6-3.5-7-17.3 IS REPEALED [EFFECTIVE JANUARY 1, 2016]. ~~Sec. 17.3. (a) If the budget agency determines that the balance in a county trust account exceeds fifty percent (50%) of the certified distributions to be made to the county in the ensuing year, the budget agency shall make a supplemental distribution to the county from the county's special account.~~

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

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

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

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

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

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

~~(c) A determination under this section must be made before October 2.~~

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

SECTION 66. IC 6-3.5-7-18, AS AMENDED BY P.L.146-2008,

SECTION 348, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 18. (a) Except as otherwise provided in this chapter **or by IC 6-3.5-7.5,** all provisions of the adjusted gross income tax law (IC 6-3) concerning:

(1) definitions;
(2) declarations of estimated tax;
(3) filing of returns;
(4) remittances;
(5) incorporation of the provisions of the Internal Revenue Code;
(6) penalties and interest;
(7) exclusion of military pay credits for withholding; and
(8) exemptions and deductions;

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

(b) The provisions of IC 6-3-1-3.5(a)(6), IC 6-3-3-3, IC 6-3-3-5, and IC 6-3-5-1 do not apply to the tax imposed by this chapter.

(c) Notwithstanding subsections (a) and (b), each employer shall report to the department the amount of withholdings ~~attributable~~ **remitted** to each county **treasurer under IC 6-3-4-0.5.** This report shall be submitted to the department:

(1) each time the employer remits to the department ~~the~~ **state adjusted gross income** tax that is withheld; and
(2) annually along with the employer's annual withholding report.

SECTION 67. IC 6-3.5-7-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 20. The economic development income tax **for taxable years beginning before January 1, 2016,** is a listed tax and an income tax for the purposes of IC 6-8.1.

SECTION 68. IC 6-3.5-7-22.5, AS AMENDED BY P.L.119-2012, SECTION 51, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 22.5. (a) This section applies to Randolph County.

(b) In addition to the rates permitted by section 5 of this chapter, the county council may impose the county economic development income tax at a rate of twenty-five hundredths percent (0.25%) on the adjusted gross income of county taxpayers if the county council makes the finding and determination set forth in subsection (c).

(c) In order to impose the county economic development income tax as provided in this section, the county council must adopt an ordinance finding and determining that revenues from the county economic development income tax are needed to pay the costs of:

(1) financing, constructing, acquiring, renovating, and equipping the county courthouse, and financing and renovating the former

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

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

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

(d) If the county council makes a determination under subsection (c), the county council may adopt a tax rate under subsection (b). The tax rate may not be imposed at a rate or for a time greater than is necessary to pay for the purposes described in this section.

(e) The county treasurer shall establish a county option tax revenue fund to be used only for the purposes described in this section. County economic development income tax revenues derived from the tax rate imposed under this section shall be deposited in the county option tax revenue fund before making ~~a certified distribution~~ **distributions** under section ~~11~~ **12** of this chapter.

(f) County economic development income tax revenues derived from the tax rate imposed under this section:

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

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

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

(g) Randolph County possesses:

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

(2) unique capital financing needs related to the purposes described in subsection (c).

SECTION 69. IC 6-3.5-7-23, AS AMENDED BY P.L.119-2012, SECTION 52, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

JANUARY 1, 2016]: Sec. 23. (a) This section applies only to Hancock County.

(b) The county council may by ordinance determine that, in order to promote the development of libraries in the county and thereby encourage economic development, it is necessary to use economic development income tax revenue to replace library property taxes in the county. However, a county council may adopt an ordinance under this subsection only if all territory in the county is included in a library district.

(c) If the county council makes a determination under subsection (b), the county council may designate the county economic development income tax revenue generated by the tax rate adopted under section 5 of this chapter, or revenue generated by a portion of the tax rate, as revenue that will be used to replace public library property taxes imposed by public libraries in the county. The county council may not designate for library property tax replacement purposes any county economic development income tax revenue that is generated by a tax rate of more than fifteen-hundredths percent (0.15%).

(d) The county treasurer shall establish a library property tax replacement fund to be used only for the purposes described in this section. County economic development income tax revenues derived from the portion of the tax rate designated for property tax replacement credits under subsection (c) shall be deposited in the library property tax replacement fund before ~~certified distributions are made~~ **making distributions** under section 12 of this chapter. Any interest earned on money in the library property tax replacement fund shall be credited to the library property tax replacement fund.

(e) The amount of county economic development income tax revenue dedicated to providing library property tax replacement credits shall, in the manner prescribed in this section, be allocated to public libraries operating in the county and shall be used by those public libraries as property tax replacement credits. The amount of property tax replacement credits that each public library in the county is entitled to receive during a calendar year under this section equals the lesser of:

(1) the product of:

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

(B) a fraction described as follows:

(i) The numerator of the fraction equals the sum of the total property taxes that would have been collected by the public library during the previous calendar year from taxpayers located within the library district if the property tax

replacement under this section had not been in effect.

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

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

The department of local government finance shall make any adjustments necessary to account for the expansion of a library district. However, a public library is eligible to receive property tax replacement credits under this section only if it has entered into reciprocal borrowing agreements with all other public libraries in the county. If the total amount of county economic development income tax revenue deposited by the county auditor in the library property tax replacement fund for a calendar year exceeds the total property tax liability that would otherwise be imposed for public libraries in the county for the year, the excess shall remain in the library property tax replacement fund and shall be used for library property tax replacement purposes in the following calendar year.

(f) Notwithstanding subsection (e), if a public library did not impose a property tax levy during the previous calendar year, that public library is entitled to receive a part of the property tax replacement credits to be distributed for the calendar year. The amount of property tax replacement credits the public library is entitled to receive during the calendar year equals the product of:

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

(2) a fraction. The numerator of the fraction equals the budget of the public library for that calendar year. The denominator of the fraction equals the aggregate budgets of public libraries in the county for that calendar year.

If for a calendar year a public library is allocated a part of the property tax replacement credits under this subsection, then the amount of property tax credits distributed to other public libraries in the county for the calendar year shall be reduced by the amount to be distributed as property tax replacement credits under this subsection. The department of local government finance shall make any adjustments required by this subsection and provide the adjustments to the county auditor.

(g) The department of local government finance shall inform the county auditor of the amount of property tax replacement credits that each public library in the county is entitled to receive under this section. The county auditor shall certify to each public library the amount of property tax replacement credits that the public library is entitled to receive during that calendar year. The county auditor shall also certify these amounts to the county treasurer.

(h) A public library receiving property tax replacement credits under this section shall allocate the credits among each fund for which a distinct property tax levy is imposed. The amount that must be allocated to each fund equals:

(1) the amount of property tax replacement credits provided to the public library under this section; multiplied by

(2) the amount determined in STEP THREE of the following formula:

STEP ONE: Determine the property taxes that would have been collected for each fund by the public library during the previous calendar year if the property tax replacement under this section had not been in effect.

STEP TWO: Determine the sum of the total property taxes that would have been collected for all funds by the public library during the previous calendar year if the property tax replacement under this section had not been in effect.

STEP THREE: Divide the STEP ONE amount by the STEP TWO amount.

However, if a public library did not impose a property tax levy during the previous calendar year or did not impose a property tax levy for a particular fund during the previous calendar year, but the public library is imposing a property tax levy in the current calendar year or is imposing a property tax levy for the particular fund in the current calendar year, the department of local government finance shall adjust the amount of property tax replacement credits allocated among the various funds of the public library and shall provide the adjustment to the county auditor. If a public library receiving property tax replacement credits under this section does not impose a property tax levy for a particular fund that is first due and payable in a calendar year in which the property tax replacement credits are being distributed, the public library is not required to allocate to that fund a part of the property tax replacement credits to be distributed to the public library. Notwithstanding IC 6-1.1-20-1.1(1), a public library that receives property tax replacement credits under this section is subject to the procedures for the issuance of bonds set forth in IC 6-1.1-20.

(i) For each public library that receives property tax credits under this section, the department of local government finance shall certify to the county auditor the property tax rate applicable to each fund after the property tax replacement credits are allocated.

(j) A public library shall treat property tax replacement credits received during a particular calendar year under this section as a part of the public library's property tax levy for each fund for that same calendar year for purposes of fixing the public library's budget and for purposes of the property tax levy limits imposed by IC 6-1.1-18.5.

(k) For the purpose of computing and distributing ~~certified distributions~~ **revenue** under IC 6-3.5-1.1 and tax revenue under IC 6-5.5 or IC 6-6-5, the property tax replacement credits that are received under this section shall be treated as though they were property taxes that were due and payable during that same calendar year.

SECTION 70. IC 6-3.5-7-24, AS AMENDED BY P.L.119-2012, SECTION 53, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 24. (a) This section applies to Knox County.

(b) In addition to the rates permitted by section 5 of this chapter, the county council may impose the county economic development income tax at a rate of twenty-five hundredths percent (0.25%) on the adjusted gross income of county taxpayers if the county council makes the finding and determination set forth in subsection (c).

(c) In order to impose the county economic development income tax as provided in this section, the county council must adopt an ordinance finding and determining that revenues from the county economic development income tax are needed to pay the costs of financing, constructing, acquiring, renovating, and equipping a county jail including the repayment of bonds issued, or leases entered into, for constructing, acquiring, renovating, and equipping a county jail.

(d) If the county council makes a determination under subsection (c), the county council may adopt a tax rate under subsection (b). The tax rate may not be imposed at a rate or for a time greater than is necessary to pay the costs of financing, constructing, acquiring, renovating, and equipping a county jail.

(e) The county treasurer shall establish a county jail revenue fund to be used only for the purposes described in this section. County economic development income tax revenues derived from the tax rate imposed under this section shall be deposited in the county jail revenue fund before making ~~a certified distribution~~ **distributions** under section ~~11~~ **12** of this chapter.

(f) County economic development income tax revenues derived

from the tax rate imposed under this section:

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

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

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

SECTION 71. IC 6-3.5-7-26, AS AMENDED BY P.L.153-2014, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 26. (a) This section applies only to the following:

(1) Taxes imposed under this chapter to provide homestead and property tax replacement credits for property taxes first due and payable after calendar year 2006.

(2) Taxes imposed under this chapter to fund a public transportation project under subsection (m).

(b) The following definitions apply throughout this section:

(1) "Adopt" includes amend.

(2) "Adopting entity" means:

(A) the entity that adopts an ordinance under IC 6-1.1-12-41(f); or

(B) any other entity that may impose a county economic development income tax under section 5 of this chapter.

(3) "Homestead" refers to tangible property that is eligible for a homestead credit under IC 6-1.1-20.9 (repealed) or the standard deduction under IC 6-1.1-12-37.

(4) "Residential" refers to the following:

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

(B) Real property not described in clause (A) designed to provide units that are regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more, regardless of whether the tangible property is subject to assessment under rules of the department of local government finance that apply to:

(i) residential property; or

(ii) commercial property.

(c) This subsection does not apply to a county in which the county fiscal body adopts an ordinance to provide for the use of ~~the certified distribution described in section 16 of~~ **revenue received by the**

adopting entity under this chapter to fund a public transportation project under IC 8-25. An adopting entity may adopt an ordinance to provide for the use of ~~the certified distribution described in section 16 of this chapter~~ **revenue received by the adopting entity under this chapter** for the purpose provided in subsection (e). An adopting entity that adopts an ordinance under this subsection shall use the procedures set forth in IC 6-3.5-6 concerning the adoption of an ordinance for the imposition of the county option income tax. The ordinance may provide for an additional rate under section 5(o) of this chapter. An ordinance adopted under this subsection:

(1) first applies to ~~the certified distribution described in section 16 of~~ **revenue received by the adopting entity under** this chapter made in the ~~later of the~~ calendar year that immediately succeeds the calendar year in which the ordinance is adopted; ~~or calendar year 2007;~~ and

(2) must specify that the ~~certified distribution~~ **revenue received by the adopting entity under this chapter** must be used to provide for one (1) of the following, as determined by the adopting entity:

(A) Uniformly applied homestead credits as provided in subsection (f).

(B) Uniformly applied residential credits as provided in subsection (g).

(C) Allocated homestead credits as provided in subsection (i).

(D) Allocated residential credits as provided in subsection (j).

An ordinance adopted under this subsection may be combined with an ordinance adopted under section 25 of this chapter (before its repeal).

(d) If an ordinance is adopted under subsection (c), the percentage of the ~~certified distribution~~ **revenue** specified in the ordinance for use for the purpose provided in subsection (e) shall be:

(1) retained by the county auditor under subsection (k); and

(2) used for the purpose provided in subsection (e) instead of the purposes specified in the capital improvement plans adopted under section 15 of this chapter.

(e) If an ordinance is adopted under subsection (c), the adopting entity shall use the ~~certified distribution described in section 16 of~~ **revenue received by the adopting entity under** this chapter to provide:

(1) if the ordinance grants a credit described in subsection (c)(2)(A) or (c)(2)(C), a homestead credit for homesteads; or

(2) if the ordinance grants a credit described in subsection (c)(2)(B) or (c)(2)(D), a property tax replacement credit for

residential property;

for property taxes to offset the effect on homesteads or residential property, as applicable, in the county resulting from the statewide deduction for inventory under IC 6-1.1-12-42 or from the exclusion in 2008 of inventory from the definition of personal property in IC 6-1.1-1-11. The amount of a residential property tax replacement credit granted under this section may not be considered in computing the amount of any homestead credit to which the residential property may be entitled under IC 6-1.1-20.9 (before its repeal) or another law other than IC 6-1.1-20.6.

(f) If the imposing entity specifies the application of uniform homestead credits under subsection (c)(2)(A), the county auditor shall, for each calendar year in which a homestead credit percentage is authorized under this section, determine:

(1) the amount of the ~~certified distribution~~ **revenue received by the adopting entity under this chapter** that is available to provide a homestead credit percentage under this section for the year;

(2) the amount of uniformly applied homestead credits for the year in the county that equals the amount determined under subdivision (1); and

(3) the percentage of homestead credit under this section that equates to the amount of homestead credits determined under subdivision (2).

(g) If the imposing entity specifies the application of uniform residential credits under subsection (c)(2)(B), the county auditor shall determine for each calendar year in which a homestead credit percentage is authorized under this section:

(1) the amount of the ~~certified distribution~~ **revenue received by the adopting entity under this chapter** that is available to provide a residential property tax replacement credit percentage for the year;

(2) the amount of uniformly applied residential property tax replacement credits for the year in the county that equals the amount determined under subdivision (1); and

(3) the percentage of residential property tax replacement credit under this section that equates to the amount of residential property tax replacement credits determined under subdivision (2).

(h) The percentage of homestead credit determined by the county auditor under subsection (f) or the percentage of residential property tax replacement credit determined by the county auditor under

subsection (g) applies uniformly in the county in the calendar year for which the percentage is determined.

(i) If the imposing entity specifies the application of allocated homestead credits under subsection (c)(2)(C), the county auditor shall, for each calendar year in which a homestead credit is authorized under this section, determine:

(1) the amount of the ~~certified distribution~~ **revenue received by the adopting entity under this chapter** that is available to provide a homestead credit under this section for the year; and

(2) except as provided in subsection (l), a percentage of homestead credit for each taxing district in the county that allocates to the taxing district an amount of homestead credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-42 in the taxing district for the assessment date in 2006 bears to the total inventory assessed value deducted under IC 6-1.1-12-42 in the county for the assessment date in 2006.

(j) If the imposing entity specifies the application of allocated residential property tax replacement credits under subsection (c)(2)(D), the county auditor shall determine for each calendar year in which a residential property tax replacement credit is authorized under this section:

(1) the amount of the ~~certified distribution~~ **revenue received by the adopting entity under this chapter** that is available to provide a residential property tax replacement credit under this section for the year; and

(2) except as provided in subsection (l), a percentage of residential property tax replacement credit for each taxing district in the county that allocates to the taxing district an amount of residential property tax replacement credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-42 in the taxing district for the assessment date in 2006 bears to the total inventory assessed value deducted under IC 6-1.1-12-42 in the county for the assessment date in 2006.

(k) This subsection does not apply to a county in which the county fiscal body adopts an ordinance to provide for the use of the ~~certified distribution described in section 16 of~~ **revenue received by the adopting entity under** this chapter to fund a public transportation project under IC 8-25. The county auditor shall retain from the payments of the county's ~~certified distribution~~ **revenue received by the**

adopting entity under this chapter an amount equal to the revenue lost, if any, due to the homestead credit or residential property tax replacement credit provided under this section within the county. The money shall be distributed to the civil taxing units and school corporations of the county:

(1) as if the money were from property tax collections; and

(2) in such a manner that no civil taxing unit or school corporation will suffer a net revenue loss because of the allowance of a homestead credit or residential property tax replacement credit under this section.

(l) This subsection does not apply to a county in which the county fiscal body adopts an ordinance to provide for the use of the ~~certified distribution described in section 16 of~~ **revenue received by the adopting entity under** this chapter to fund a public transportation project under IC 8-25. Subject to the approval of the imposing entity, the county auditor may adjust the increased percentage of:

(1) homestead credit determined under subsection (i)(2) if the county auditor determines that the adjustment is necessary to achieve an equitable reduction of property taxes among the homesteads in the county; or

(2) residential property tax replacement credit determined under subsection (j)(2) if the county auditor determines that the adjustment is necessary to achieve an equitable reduction of property taxes among the residential property in the county.

(m) This section applies to Hamilton County and Marion County. If the voters of a county approve a local public question under IC 8-25-2, the fiscal body of the county may adopt an ordinance to provide for the use of the ~~certified distribution described in section 16 of~~ **revenue received by the adopting entity under** this chapter to fund a public transportation project under IC 8-25. However, a county fiscal body shall adopt an ordinance under this subsection if required by IC 8-25-6-10 to impose an additional tax rate on the county taxpayers who reside in a township in which the voters approve a public transportation project in a local public question held under IC 8-25-6. An ordinance adopted under this subsection must specify an additional tax rate to be imposed in the county (or township in the case of an additional rate required by IC 8-25-6-10) of at least one-tenth percent (0.1%), but not more than twenty-five hundredths percent (0.25%). If an ordinance is adopted under this subsection, the amount of the ~~certified distribution~~ **revenue** attributable to the additional tax rate specified in the ordinance and authorized by section 5(o) of this chapter to fund a public transportation project under IC 8-25 must be:

(1) retained by the county auditor;
(2) deposited in the public transportation project fund established under IC 8-25-3-7; and
(3) used for the purpose provided in this subsection instead of the purposes specified in the capital improvement plan adopted under section 15 of this chapter.

SECTION 72. IC 6-3.5-7-27, AS AMENDED BY P.L.261-2013, SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 27. (a) This section applies to a county that:
(1) operates a courthouse that is subject to an order that:
(A) is issued by a federal district court;
(B) applies to an action commenced before January 1, 2003; and
(C) requires the county to comply with the federal Americans with Disabilities Act; and
(2) has insufficient revenues to finance the construction, acquisition, improvement, renovation, equipping, and operation of the courthouse facilities and related facilities.

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

(c) In addition to actions authorized by section 5 of this chapter, a county council may, using the procedures set forth in this chapter, adopt an ordinance to impose an additional county economic development income tax on the adjusted gross income of county taxpayers. The ordinance imposing the additional tax must include a finding that revenues from additional tax are needed to pay the costs of:
(1) constructing, acquiring, improving, renovating, equipping, or operating the county courthouse or related facilities;
(2) repaying any bonds issued, or leases entered into, for constructing, acquiring, improving, renovating, equipping, or operating the county courthouse or related facilities; and
(3) economic development projects described in the county's capital improvement plan.

(d) The tax rate imposed under this section may not exceed twenty-five hundredths percent (0.25%).

(e) If the county council adopts an ordinance to impose an

additional tax under this section, the county auditor shall, not more than ten (10) days after the vote, send a certified copy of the ordinance to the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency. The county treasurer shall establish a county facilities revenue fund to be used only for the purposes described in subsection (c)(1) and (c)(2). The amount of county economic development income tax revenues derived from the tax rate imposed under this section that are necessary to pay the costs described in subsection (c)(1) and (c)(2) shall be deposited into the county facilities revenue fund before ~~a certified~~ **making a** distribution ~~is made~~ **of revenue** under section 12 of this chapter. The remainder shall be deposited into the economic development income tax funds of the county's units.

(f) County economic development income tax revenues derived from the tax rate imposed under this section may not be used for purposes other than those described in this section.

(g) County economic development income tax revenues derived from the tax rate imposed under this section that are deposited into the county facilities revenue fund may not be considered by the department of local government finance in determining the county's ad valorem property tax levy for an ensuing calendar year under IC 6-1.1-18.5.

(h) Notwithstanding any other law, funds accumulated from the county economic development income tax imposed under this section and deposited into the county facilities revenue fund or any other revenues of the county may be deposited into a nonreverting fund of the county to be used for operating costs of the courthouse facilities, juvenile detention facilities, or related facilities. Amounts in the county nonreverting fund may not be used by the department of local government finance to reduce the county's ad valorem property tax levy for an ensuing calendar year under IC 6-1.1-18.5.

SECTION 73. IC 6-3.5-7-27.5, AS ADDED BY P.L.199-2011, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 27.5. (a) This section applies to Perry County.

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

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

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

county.

The use of county economic development income tax revenue under this section is necessary for the county to provide adequate jail capacity in the county and to maintain low property tax rates essential to economic development. The use of the economic development income tax revenues under this section for the purposes described in subsection (c) promotes that purpose.

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

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

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

(d) In addition to the rates permitted under section 5 of this chapter, the county council may impose the county economic development income tax at a rate not to exceed five-tenths percent (0.5%) on the adjusted gross income of county taxpayers. The ordinance imposing the additional tax must include the determination described in subsection (c). The tax imposed under this section may be imposed only until the later of the year in which the financing on, acquisition, improvement, renovation, remodeling, and equipping described in subsection (c) are completed or the year in which the last of any bonds issued or leases entered into to finance the construction, acquisition, improvement, renovation, remodeling, and equipping described in subsection (b)(1) is fully paid. The term of the bonds issued (including any refunding bonds) or a lease entered into under subsection (c)(2) may not exceed twenty-five (25) years.

(e) If the county council makes a determination under subsection (c), the county council may adopt a tax rate under subsection (d). The tax rate may not be imposed at a rate greater than is necessary to pay the costs of financing, acquiring, improving, renovating, remodeling, and equipping the county jail and related buildings and parking, including costs related to the demolition of existing buildings, the acquisition of land, and any other reasonably related costs.

(f) The county treasurer shall establish a county jail revenue fund to be used only for the purposes described in this section. County

economic development income tax revenues derived from the tax rate imposed under this section shall be deposited in the county jail revenue fund before making ~~a certified distribution~~ **distributions** under section ~~11~~ **12** of this chapter.

(g) County economic development income tax revenues derived from the tax rate imposed under this section:

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

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

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

(h) Notwithstanding any other law, funds accumulated from the county economic development income tax imposed under this section after:

(1) the redemption of bonds issued; or

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

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

SECTION 74. IC 6-3.5-7-27.6, AS ADDED BY P.L.137-2012, SECTION 107, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 27.6. (a) This section applies to Starke County.

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

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

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

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

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

The use of county economic development income tax revenue under this section is necessary for the county to address jail capacity and appropriate inmate living conditions and to maintain low property tax rates essential to economic development. The use of the economic development income tax revenue under this section for the purposes described in subsections (c) and (d) promotes that purpose.

(c) The county council may, by ordinance, determine that additional

county economic development income tax revenue is needed in the county to:

(1) finance, construct, acquire, and equip the county jail and related buildings and parking facilities, including costs related to the demolition of existing buildings, the acquisition of land, and any other reasonably related costs; and

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

(d) The county council may, by ordinance, determine that additional county economic development income tax revenue is needed in the county to operate or maintain the facilities described in subsection (c)(1) that are located in the county. The county council may make a determination under this subsection and under subsection (c).

(e) In addition to the rates permitted by section 5 of this chapter, the county council may, subject to subsections (f) and (g), impose the county economic development income tax at a rate not to exceed sixty-five hundredths percent (0.65%) on the adjusted gross income of county taxpayers if the county council:

(1) makes the determination described in subsection (c); or

(2) makes both the determination described in subsection (c) and the determination described in subsection (d).

(f) If the county council makes only the determination under subsection (c), the county council may adopt a tax rate under subsection (e). The tax rate may not exceed the lesser of:

(1) sixty-five hundredths percent (0.65%); or

(2) the tax rate that is necessary to pay the costs of financing, acquiring, and equipping the county jail and related buildings and parking facilities, including costs related to the demolition of existing buildings, the acquisition of land, and any other reasonably related costs.

(g) If the county council makes both the determination under subsection (c) and the determination under subsection (d), the county council may adopt a tax rate under subsection (e). The tax rate may not exceed the lesser of:

(1) sixty-five hundredths percent (0.65%); or

(2) the tax rate that is necessary to:

(A) pay the costs of financing, acquiring, and equipping the county jail and related buildings and parking facilities, including costs related to the demolition of existing buildings,

the acquisition of land, and any other reasonably related costs; and

(B) provide sufficient annual revenues to operate and maintain the facilities described in subsection (c)(1).

(h) A tax rate imposed under this section may be imposed only until the later of:

(1) the date on which the last of any bonds issued or leases entered into to finance the facilities are fully paid; or

(2) the date on which the ordinance under subsection (c) or (d) is repealed or rescinded.

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

(i) The county treasurer shall establish a county jail revenue fund to be used only for the purposes described in this section. County economic development income tax revenues derived from the tax rate imposed under this section shall be deposited in the county jail revenue fund before making ~~a certified distribution~~ **distributions** under section ~~11~~ **12** of this chapter.

(j) County economic development income tax revenues derived from the tax rate imposed under this section:

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

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

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

SECTION 75. IC 6-3.5-7-28, AS AMENDED BY P.L.137-2012, SECTION 108, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 28. (a) This section applies only to a county that is a member of a regional development authority under IC 36-7.6.

(b) In addition to the rates permitted by section 5 of this chapter, the entity that imposed the county economic development income tax under section 5 of this chapter (or, in the case of a county that has not imposed the county economic development income tax, the entity that may impose the county economic development income tax under section 5(a)(3) of this chapter) may by ordinance impose an additional county economic development income tax at a rate of:

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

(2) in the case of any other county to which this section applies,

five-hundredths of one percent (0.05%);

on the adjusted gross income of county taxpayers.

(c) If an additional county economic development income tax is imposed under this section, the county treasurer shall establish a county regional development authority fund. Notwithstanding any other provision of this chapter, the county economic development income tax revenues derived from the additional county economic development income tax imposed under this section must be deposited in the county regional development authority fund before **making** any ~~certified distributions are made~~ **distributions** under section 12 of this chapter.

(d) County economic development income tax revenues derived from the additional county economic development income tax imposed under this section and deposited in the county regional development authority fund:

(1) shall, not more than thirty (30) days after being deposited in the county regional development authority fund, be transferred as provided in IC 36-7.6-4-2 to the development fund of the regional development authority for which the county is a member; and

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

SECTION 76. IC 6-3.5-7.5 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]:

Chapter 7.5. County Administration of County Option Income Taxes

Sec. 1. The definitions in IC 6-8.1-1 apply to the county administration of taxes imposed under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015.

Sec. 2. In the case of a tax imposed under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015, the county imposing the tax has the authority and responsibility for the administration, collection, and enforcement of the tax.

Sec. 3. (a) Except as otherwise provided and unless the context clearly denotes otherwise, the requirements, deadlines, and procedures specified in IC 6-3-4 for returns, reports, payments, estimates, withholding, and remittances related to taxes administered by the department of state revenue apply to the county administration of taxes imposed under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015, except that any reference to the department of

state revenue shall be considered a reference to the county treasurer.

(b) The following do not apply to the county administration of taxes imposed under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015:

(1) IC 6-3-4-1.5.

(2) IC 6-3-4-16.

(3) IC 6-3-4-16.5.

Sec. 4. A taxpayer who for a taxable year:

(1) is required to file a return with the department of state revenue under IC 6-3-4-1; and

(2) is subject to a tax imposed by a county under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015;

shall file a county return with the county treasurer on or before the fifteenth day of the fourth month following the close of the taxable year.

Sec. 5. If a tax return is required under this chapter, a taxpayer required to make the return shall, without assessment or notice and demand from the county treasurer, pay the tax to the county treasurer at the time fixed for filing the return without regard to any extension of time for filing the return. In making a return and paying tax for any taxable year, the taxpayer shall take credit for any tax previously paid by the taxpayer for the taxable year.

Sec. 6. Except as otherwise provided and unless the context clearly denotes otherwise, the provisions of IC 6-8.1-3 concerning:

(1) hearings;

(2) entering into contracts with persons to provide services necessary to properly administer and collect taxes;

(3) the class or type of mailing to be used;

(4) the audit of returns;

(5) the appraisal of property if the property's value relates to the administration or enforcement of a tax;

(6) subpoena powers;

(7) court orders;

(8) the authority to recover court costs, fees, and other expenses related to an audit, investigatory, appraisal, or enforcement action;

(9) concurrent jurisdiction of the attorney general and the respective county prosecuting attorney in conducting criminal prosecutions of tax matters; and

(10) prosecution by the attorney general of a civil action to

collect unpaid taxes, penalties, and interest and to enforce the department's powers;

apply to the county administration of taxes imposed under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015, except that any reference to the department of state revenue shall be considered a reference to the county treasurer.

Sec. 7. (a) A county treasurer shall maintain, for at least three (3) years:

(1) a record of all money received and disbursed under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015; and

(2) copies of all tax returns filed with the county under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015.

(b) The state board of accounts shall annually audit a county's record of receipts and disbursements under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015.

Sec. 8. Except as otherwise provided and unless the context clearly denotes otherwise, the provisions of IC 6-8.1-5 concerning:

(1) making proposed assessments of taxes, including deadlines for making assessments;

(2) holding hearings;

(3) issuing letters of findings;

(4) appealing decisions to the tax court;

(5) jurisdiction of the tax court;

(6) issuing and serving tax warrants; and

(7) keeping books and records and allowing inspection of books and records and returns;

apply to the county administration of taxes imposed under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015, except that any reference to the department of state revenue shall be considered a reference to the county treasurer.

Sec. 9. (a) Except as otherwise provided and unless the context clearly denotes otherwise, the provisions of IC 6-8.1-8 concerning:

(1) methods of making a tax payment;

(2) final discharge of tax liability;

(3) vendor transaction charges or discount fees;

(4) issuance of receipts;

(5) application of partial payments;

(6) payment of withholding tax liability using periodic payments;
(7) issuance of demand notices for the payment of a tax and any interest or penalties accrued on the tax;
(8) procedures and deadlines;
(9) issuance, filing, recording, enforcement, and collection of tax warrants;
(10) liens and judgments related to tax warrants;
(11) the sale of property to satisfy a tax warrant;
(12) disbursements of judgments collected that arose from tax warrants;
(13) fees;
(14) obtaining a court order restraining a person from conducting business in Indiana;
(15) appointment of receivers;
(16) actions that may be taken without judicial proceedings;
(17) proceedings supplementary to execution on a judgment;
(18) actions to levy on or encumber an account;
(19) erroneous levies;
(20) determination of uncollectible taxes, interest, penalties, collection fees, sheriff's costs, clerk's costs, or fees;
(21) levying on unclaimed property; and
(22) the issuing, commencing, or conducting a demand notice, warrant, levy, or proceeding in court for the collection of a protested tax or any penalties and interest against a taxpayer;

apply to the county administration of taxes imposed under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015, except that any reference to the department of state revenue shall be considered a reference to the county treasurer.

(b) The provisions of IC 6-8.1-8-8.7 concerning operation of a data match system with financial institutions do not apply to the county administration of taxes imposed under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015.

Sec. 10. (a) Except as otherwise provided and unless the context clearly denotes otherwise, the provisions of IC 6-8.1-9 concerning:
(1) procedures and deadlines for filing a claim for a refund;
(2) issuance of a decision on a claim for a refund;
(3) appeal to the tax court of a decision on a claim for a refund;
(4) jurisdiction of the tax court to hear an appeal of a decision

on a claim for a refund;

(5) refunding the excess amount of tax payments to a person;

(6) the accrual of interest; and

(7) class actions for the refund of a tax;

apply to the county administration of taxes imposed under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015, except that any reference to the department of state revenue shall be considered a reference to the county treasurer.

(b) The provisions of IC 6-8.1-9-4 concerning the payment of a refund to the nongame fund do not apply to the county administration of taxes imposed under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7.

Sec. 11. Except as otherwise provided and unless the context clearly denotes otherwise, the provisions of IC 6-8.1-10 concerning:

(1) failure to file a state tax return;

(2) failure to pay the full amount of tax shown on the taxpayer's tax return by the due date for the return or the payment;

(3) incurring a deficiency upon a determination by the county treasurer;

(4) the applicable adjusted rate of interest;

(5) interest on excess tax payments;

(6) the waiver of interest;

(7) failure to timely remit any tax held in trust;

(8) failure to make payment by electronic funds transfer, overnight courier, or personal delivery by the due date;

(9) waiver of penalties;

(10) failure to withhold and pay any amount of tax required to be withheld;

(11) notices;

(12) preparation of returns for a taxpayer;

(13) penalties and additional penalties;

(14) civil and criminal penalties;

(15) inability to obtain payment on a check, credit card, debit card, or electronic funds transfer for its full face amount; and

(16) actions required by the officers and directors of a corporation;

apply to the county administration of taxes imposed under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for taxable years beginning after December 31, 2015, except that any reference to the department of state revenue shall be considered a reference to the

county treasurer.

SECTION 77. IC 6-8.1-1-1, AS AMENDED BY P.L.220-2014, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 1. "Listed taxes" or "taxes" includes only the pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the riverboat admissions tax (IC 4-33-12); the riverboat wagering tax (IC 4-33-13); the slot machine wagering tax (IC 4-35-8); the type II gambling game excise tax (IC 4-36-9); the gross income tax (IC 6-2.1) (repealed); the utility receipts and utility services use taxes (IC 6-2.3); the state gross retail and use taxes (IC 6-2.5); the adjusted gross income tax (IC 6-3); the supplemental net income tax (IC 6-3-8) (repealed); the county adjusted gross income tax (IC 6-3.5-1.1), **for taxable years beginning before January 1, 2016;** the county option income tax (IC 6-3.5-6), **for taxable years beginning before January 1, 2016;** the county economic development income tax (IC 6-3.5-7), **for taxable years beginning before January 1, 2016;** the auto rental excise tax (IC 6-6-9); the financial institutions tax (IC 6-5.5); the gasoline tax (IC 6-6-1.1); the special fuel tax (IC 6-6-2.5); the motor carrier fuel tax (IC 6-6-4.1); a motor fuel tax collected under a reciprocal agreement under IC 6-8.1-3; the motor vehicle excise tax (IC 6-6-5); the aviation fuel excise tax (IC 6-6-13); the commercial vehicle excise tax (IC 6-6-5.5); the excise tax imposed on recreational vehicles and truck campers (IC 6-6-5.1); the hazardous waste disposal tax (IC 6-6-6.6) (repealed); the cigarette tax (IC 6-7-1); the beer excise tax (IC 7.1-4-2); the liquor excise tax (IC 7.1-4-3); the wine excise tax (IC 7.1-4-4); the hard cider excise tax (IC 7.1-4-4.5); the malt excise tax (IC 7.1-4-5); the petroleum severance tax (IC 6-8-1); the various innkeeper's taxes (IC 6-9); the various food and beverage taxes (IC 6-9); the county admissions tax (IC 6-9-13 and IC 6-9-28); the regional transportation improvement income tax (IC 8-24-17); the oil inspection fee (IC 16-44-2); the emergency and hazardous chemical inventory form fee (IC 6-6-10); the penalties assessed for oversize vehicles (IC 9-20-3 and IC 9-30); the fees and penalties assessed for overweight vehicles (IC 9-20-4 and IC 9-30); and any other tax or fee that the department is required to collect or administer.

SECTION 78. IC 36-1-8-5.1, AS AMENDED BY P.L.288-2013, SECTION 71, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 5.1. (a) A political subdivision may establish a rainy day fund by the adoption of:

(1) an ordinance, in the case of a county, city, or town; or

(2) a resolution, in the case of any other political subdivision.

(b) An ordinance or a resolution adopted under this section must

specify the following:

(1) The purposes of the rainy day fund.

(2) The sources of funding for the rainy day fund, which may include the following:

(A) Unused and unencumbered funds under

~~(i)~~ section 5 of this chapter.

~~(ii) IC 6-3.5-1.1-21.1;~~

~~(iii) IC 6-3.5-6-17.3; or~~

~~(iv) IC 6-3.5-7-17.3.~~

(B) Any other funding source:

(i) specified in the ordinance or resolution adopted under this section; and

(ii) not otherwise prohibited by law.

(c) The rainy day fund is subject to the same appropriation process as other funds that receive tax money.

(d) In any fiscal year, a political subdivision may, at any time, do the following:

(1) Transfer any unused and unencumbered funds specified in subsection (b)(2)(A) from any fiscal year to the rainy day fund.

(2) Transfer any other unobligated cash balances from any fiscal year that are not otherwise identified in subsection (b)(2)(A) or section 5 of this chapter to the rainy day fund as long as the transfer satisfies the following requirements:

(A) The amount of the transfer is authorized by and identified in an ordinance or resolution.

(B) The amount of the transfer is not more than ten percent (10%) of the political subdivision's total annual budget adopted under IC 6-1.1-17 for that fiscal year.

(C) The transfer is not made from a debt service fund.

(e) A political subdivision may use only the funding sources specified in subsection (b)(2)(A) or in the ordinance or resolution establishing the rainy day fund. The political subdivision may adopt a subsequent ordinance or resolution authorizing the use of another funding source.

(f) The department of local government finance may not reduce the actual or maximum permissible levy of a political subdivision as a result of a balance in the rainy day fund of the political subdivision.

(g) A county, city, or town may at any time, by ordinance or resolution, transfer to:

(1) its general fund; or

(2) any other appropriated funds of the county, city, or town;

money that has been deposited in the rainy day fund of the county, city,

or town.

SECTION 79. IC 36-3-7-6, AS ADDED BY P.L.135-2011, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 6. The governing body of a public library located in the county may recommend and the county fiscal body may elect to provide revenue to the public library from part of the ~~certified distribution,~~ **revenue,** if any, that the county is to receive during that same year under ~~IC 6-3.5-6-17.~~ **IC 6-3.5-6.** To make the election, the county fiscal body must adopt an ordinance before November 1 of the preceding year. The county fiscal body must specify in the ordinance the amount of the ~~certified distribution~~ **revenue** that is to be used to provide revenue to the public library. If such an ordinance is adopted, the county fiscal body shall immediately send a copy of the ordinance to the county auditor.

SECTION 80. IC 36-8-15-19, AS AMENDED BY P.L.137-2012, SECTION 122, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 19. (a) This subsection applies to a county that has a population of more than one hundred eighty-five thousand (185,000) but less than two hundred fifty thousand (250,000). For the purpose of raising money to fund the operation of the district, the county fiscal body may impose, for property taxes first due and payable during each year after the adoption of an ordinance establishing the district, an ad valorem property tax levy on property within the district. The property tax rate for that levy may not exceed five cents ($0.05) on each one hundred dollars ($100) of assessed valuation.

(b) This subsection applies to a county having a consolidated city. The county fiscal body may elect to fund the operation of the district from part of the ~~certified distribution,~~ **revenue,** if any, that the county is to receive during a particular calendar year under ~~IC 6-3.5-6-17.~~ **IC 6-3.5-6.** To make such an election, the county fiscal body must adopt an ordinance before November 1 of the immediately preceding calendar year. The county fiscal body must specify in the ordinance the amount of ~~the certified distribution~~ **revenue** that is to be used to fund the operation of the district. If the county fiscal body adopts such an ordinance, it shall immediately send a copy of the ordinance to the county auditor.

(c) Subject to subsections (d), (e), and (f), if an ordinance or resolution is adopted changing the territory covered by the district or the number of public agencies served by the district, the department of local government finance shall, for property taxes first due and payable during the year after the adoption of the ordinance, adjust the

maximum permissible ad valorem property tax levy limits of the district and the units participating in the district.

(d) If a unit by ordinance or resolution joins the district or elects to have its public safety agencies served by the district, the department of local government finance shall reduce the maximum permissible ad valorem property tax levy of the unit for property taxes first due and payable during the year after the adoption of the ordinance or resolution. The reduction shall be based on the amount budgeted by the unit for public safety communication services in the year in which the ordinance was adopted. If such an ordinance or resolution is adopted, the district shall refer its proposed budget, ad valorem property tax levy, and property tax rate for the following year to the department of local government finance, which shall review and set the budget, levy, and rate as though the district were covered by IC 6-1.1-18.5-7.

(e) If a unit by ordinance or resolution withdraws from the district or rescinds its election to have its public safety agencies served by the district, the department of local government finance shall reduce the maximum permissible ad valorem property tax levy of the district for property taxes first due and payable during the year after the adoption of the ordinance or resolution. The reduction shall be based on the amounts being levied by the district within that unit. If such an ordinance or resolution is adopted, the unit shall refer its proposed budget, ad valorem property tax levy, and property tax rate for public safety communication services to the department of local government finance, which shall review and set the budget, levy, and rate as though the unit were covered by IC 6-1.1-18.5-7.

(f) The adjustments provided for in subsections (c), (d), and (e) do not apply to a district or unit located in a particular county if the county fiscal body of that county does not impose an ad valorem property tax levy under subsection (a) to fund the operation of the district.

(g) A county that has adopted an ordinance under section 1(3) of this chapter may not impose an ad valorem property tax levy on property within the district to fund the operation or implementation of the district.

SECTION 81. IC 36-9-4-42, AS AMENDED BY P.L.137-2012, SECTION 123, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 42. (a) A municipality or a public transportation corporation that expends money for the establishment or maintenance of an urban mass transportation system under this chapter may acquire the money for these expenditures:

(1) by issuing bonds under section 43 or 44 of this chapter;

(2) by borrowing money made available for such purposes by any

source;

(3) by accepting grants or contributions made available for such purposes by any source;

(4) in the case of a municipality, by appropriation from the general fund of the municipality, or from a special fund that the municipal legislative body includes in the municipality's budget; or

(5) in the case of a public transportation corporation, by levying a tax under section 49 of this chapter or by recommending an election to use revenue from the county option income taxes, as provided in subsection (c).

(b) Money may be acquired under this section for the purpose of exercising any of the powers granted by or incidental to this chapter, including:

(1) studies under section 4, 9, or 11 of this chapter;

(2) grants in aid;

(3) the purchase of buses or real property by a municipality for lease to an urban mass transportation system, including the payment of any amount outstanding under a mortgage, contract of sale, or other security device that may attach to the buses or real property;

(4) the acquisition by a public transportation corporation of property of an urban mass transportation system, including the payment of any amount outstanding under a mortgage, contract of sale, or other security device that may attach to the property;

(5) the operation of an urban mass transportation system by a public transportation corporation, including the acquisition of additional property for such a system; and

(6) the retirement of bonds issued and outstanding under this chapter.

(c) This subsection applies only to a public transportation corporation located in a county having a consolidated city. In order to provide revenue to a public transportation corporation during a year, the public transportation corporation board may recommend and the county fiscal body may elect to provide revenue to the corporation from part of the ~~certified distribution,~~ **revenue,** if any, that the county is to receive during that same year under ~~IC 6-3.5-6-17.~~ **IC 6-3.5-6.** To make the election, the county fiscal body must adopt an ordinance before November 1 of the preceding year. The county fiscal body must specify in the ordinance the amount of ~~the certified distribution~~ **revenue** that is to be used to provide revenue to the corporation. If such an ordinance is adopted, the county fiscal body shall immediately send

1 a copy of the ordinance to the county auditor.