



Reprinted
February 21, 2001

HOUSE BILL No. 1003

DIGEST OF HB 1003 (Updated February 20, 2001 3:35 PM - DI 73)

Citations Affected: IC 4-33; IC 6-1.1; IC 6-3.1; IC 6-3.5; noncode.

Synopsis: State and local finance. Establishes the family and children's property tax relief fund. Specifies that the fund will be used to provide a credit in 2003 against property taxes imposed for a county's family and children's fund. Provides that in 2003, \$100,000,000 shall be transferred from the build Indiana fund lottery and gaming surplus account to the family and children's property tax relief fund. Provides that in 2003 a taxpayer is entitled to a credit against the taxpayer's net family and children's fund property tax liability in an amount equal to the taxpayer's net family and children's fund property tax liability for the year multiplied by a percentage determined for the taxpayer's county for the year by the budget agency, after review by the state budget committee. Establishes a local match account for each county. Provides that a county may transfer any local revenue, other than property tax revenue, to the county's local match account. Provides that in 2003 the amounts in a county's local match account are used to match distributions of state money for the credit against family and children's fund property taxes. Provides that the match must be on a
(Continued next page)

Effective: Upon passage; July 1, 2001; January 1, 2002.

Bauer

January 17, 2001, read first time and referred to Committee on Ways and Means.
February 15, 2001, amended, reported — Do Pass.
February 20, 2001, read second time, amended, ordered engrossed.

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one to one basis. Provides counties with the option of imposing an additional 0.25% percent county adjusted gross income tax (CAGIT) rate or county option income tax (COIT) rate for purposes of funding the county matching portion of the credit against family and children's fund property taxes. Provides that such an additional rate may not be imposed after June 30, 2003. Provides that if such an additional rate is imposed, it applies to individuals and to the apportioned net income of corporate taxpayers. Provides counties with the option of using county adjusted gross income tax and county option income tax revenue for three types of property tax relief: (1) property tax replacement credits; (2) homestead credits; and (3) property tax reductions for low income homeowners. Provides counties with the option of imposing an additional 0.25% percent CAGIT rate or COIT rate for purposes of funding these property tax relief options. Adjusts the maximum combined CAGIT and CEDIT rates and the maximum combined COIT and CEDIT rates to account for the additional CAGIT and COIT rates that may be imposed for property tax relief purposes. Provides that the provisions in the bill lowering the maximum property tax levy increase from 10% to 8% and the minimum property tax levy increase from 5% to 4% apply only to 2002 and 2003. For tax years beginning after 2001, provides a credit against state tax liability for property taxes paid on personal property. Specifies that the credit is equal to the amount of property taxes paid on personal property that has an assessed valuation of not more than \$37,500. Repeals the existing personal property tax reduction credit. Extends the earned income tax credit through 2003. (Under current law, the credit will expire December 31, 2001.) Allows local units to use riverboat revenue for property tax relief.

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First Regular Session 112th General Assembly (2001)

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 2000 General Assembly.

HOUSE BILL No. 1003

A BILL FOR AN ACT to amend the Indiana Code concerning state and local finance and to make an appropriation.

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

- 1 SECTION 1. IC 4-33-12-6 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) The
3 department shall place in the state general fund the tax revenue
4 collected under this chapter.
5 (b) Except as provided by subsection (c), the treasurer of state shall
6 quarterly pay the following amounts:
7 (1) One dollar (\$1) of the admissions tax collected by the licensed
8 owner for each person embarking on a riverboat during the
9 quarter shall be paid to:
10 (A) the city in which the riverboat is docked, if the city:
11 (i) is described in IC 4-33-6-1(a)(1) through
12 IC 4-33-6-1(a)(4) or in IC 4-33-6-1(b); or
13 (ii) is contiguous to the Ohio River and is the largest city in
14 the county; and
15 (B) the county in which the riverboat is docked, if the
16 riverboat is not docked in a city described in clause (A).
17 (2) One dollar (\$1) of the admissions tax collected by the licensed

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1 owner for each person embarking on a riverboat during the
 2 quarter shall be paid to the county in which the riverboat is
 3 docked. In the case of a county described in subdivision (1)(B),
 4 this one dollar (\$1) is in addition to the one dollar (\$1) received
 5 under subdivision (1)(B).

6 (3) Ten cents (\$0.10) of the admissions tax collected by the
 7 licensed owner for each person embarking on a riverboat during
 8 the quarter shall be paid to the county convention and visitors
 9 bureau or promotion fund for the county in which the riverboat is
 10 docked.

11 (4) Fifteen cents (\$0.15) of the admissions tax collected by the
 12 licensed owner for each person embarking on a riverboat during
 13 a quarter shall be paid to the state fair commission, for use in any
 14 activity that the commission is authorized to carry out under
 15 IC 15-1.5-3.

16 (5) Ten cents (\$0.10) of the admissions tax collected by the
 17 licensed owner for each person embarking on a riverboat during
 18 the quarter shall be paid to the division of mental health. The
 19 division shall allocate at least twenty-five percent (25%) of the
 20 funds derived from the admissions tax to the prevention and
 21 treatment of compulsive gambling.

22 (6) Sixty-five cents (\$0.65) of the admissions tax collected by the
 23 licensed owner for each person embarking on a riverboat during
 24 the quarter shall be paid to the Indiana horse racing commission
 25 to be distributed as follows, in amounts determined by the Indiana
 26 horse racing commission, for the promotion and operation of
 27 horse racing in Indiana:

28 (A) To one (1) or more breed development funds established
 29 by the Indiana horse racing commission under IC 4-31-11-10.

30 (B) To a racetrack that was approved by the Indiana horse
 31 racing commission under IC 4-31. The commission may make
 32 a grant under this clause only for purses, promotions, and
 33 routine operations of the racetrack. No grants shall be made
 34 for long term capital investment or construction and no grants
 35 shall be made before the racetrack becomes operational and is
 36 offering a racing schedule.

37 (c) With respect to tax revenue collected from a riverboat that
 38 operates on Patoka Lake, the treasurer of state shall quarterly pay the
 39 following amounts:

40 (1) The counties described in IC 4-33-1-1(3) shall receive one
 41 dollar (\$1) of the admissions tax collected for each person
 42 embarking on the riverboat during the quarter. This amount shall

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- 1 be divided equally among the counties described in
 2 IC 4-33-1-1(3).
- 3 (2) The Patoka Lake development account established under
 4 IC 4-33-15 shall receive one dollar (\$1) of the admissions tax
 5 collected for each person embarking on the riverboat during the
 6 quarter.
- 7 (3) The resource conservation and development program that:
 8 (A) is established under 16 U.S.C. 3451 et seq.; and
 9 (B) serves the Patoka Lake area;
 10 shall receive forty cents (\$0.40) of the admissions tax collected
 11 for each person embarking on the riverboat during the quarter.
- 12 (4) The state general fund shall receive fifty cents (\$0.50) of the
 13 admissions tax collected for each person embarking on the
 14 riverboat during the quarter.
- 15 (5) The division of mental health shall receive ten cents (\$0.10)
 16 of the admissions tax collected for each person embarking on the
 17 riverboat during the quarter. The division shall allocate at least
 18 twenty-five percent (25%) of the funds derived from the
 19 admissions tax to the prevention and treatment of compulsive
 20 gambling.
- 21 (d) Money paid to a unit of local government under subsection
 22 (b)(1) through (b)(2) or subsection (c)(1):
 23 (1) must be paid to the fiscal officer of the unit and may be
 24 deposited in the unit's general fund or riverboat fund established
 25 under IC 36-1-8-9, or both;
 26 (2) may not be used to reduce the unit's **calculated** maximum or
 27 ~~actual~~ levy under IC 6-1.1-18.5, **but may be used at the**
 28 **discretion of the unit to reduce the property tax levy of the**
 29 **unit for a particular year without the money being considered**
 30 **additional revenue in subsequent years; and**
 31 (3) may be used for any legal or corporate purpose of the unit,
 32 including the pledge of money to bonds, leases, or other
 33 obligations under IC 5-1-14-4.
- 34 (e) Money paid by the treasurer of state under subsection (b)(3)
 35 shall be:
 36 (1) deposited in:
 37 (A) the county convention and visitor promotion fund; or
 38 (B) the county's general fund if the county does not have a
 39 convention and visitor promotion fund; and
 40 (2) used only for the tourism promotion, advertising, and
 41 economic development activities of the county and community.
- 42 (f) Money received by the division of mental health under

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1 subsections (b)(5) and (c)(5):

2 (1) is annually appropriated to the division of mental health;

3 (2) shall be distributed to the division of mental health at times
4 during each state fiscal year determined by the budget agency;
5 and

6 (3) shall be used by the division of mental health for programs
7 and facilities for the prevention and treatment of addictions to
8 drugs, alcohol, and compulsive gambling, including the creation
9 and maintenance of a toll free telephone line to provide the public
10 with information about these addictions. The division shall
11 allocate at least twenty-five percent (25%) of the money received
12 to the prevention and treatment of compulsive gambling.

13 SECTION 2. IC 4-33-13-6 IS AMENDED TO READ AS
14 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) Money paid
15 to a unit of local government under this chapter:

16 (1) must be paid to the fiscal officer of the unit and may be
17 deposited in the unit's general fund or riverboat fund established
18 under IC 36-1-8-9, or both;

19 (2) may not be used to reduce the unit's **calculated** maximum ~~or~~
20 ~~actual~~ levy under IC 6-1.1-18.5, **but may be used at the**
21 **discretion of the unit to reduce the property tax levy of the**
22 **unit for a particular year without the money being considered**
23 **additional revenue in subsequent years; and**

24 (3) may be used for any legal or corporate purpose of the unit,
25 including the pledge of money to bonds, leases, or other
26 obligations under IC 5-1-14-4.

27 (b) This chapter does not prohibit the city or county designated as
28 the home dock of the riverboat from entering into agreements with
29 other units of local government in Indiana or in other states to share the
30 city's or county's part of the tax revenue received under this chapter.

31 SECTION 3. IC 6-1.1-18.5-2 IS AMENDED TO READ AS
32 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) For purposes
33 of determining a civil taxing unit's maximum permissible ad valorem
34 property tax levy for an ensuing calendar year, the civil taxing unit
35 shall use the assessed value growth quotient determined in the last
36 STEP of the following STEPS:

37 STEP ONE: Determine the three (3) calendar years that most
38 immediately precede the ensuing calendar year and in which a
39 statewide general reassessment of real property does not first
40 become effective.

41 STEP TWO: Compute separately, for each of the calendar years
42 determined in STEP ONE, the quotient (rounded to the nearest

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1 ten-thousandth) of the civil taxing unit's total assessed value of all
 2 taxable property in the particular calendar year, divided by the
 3 civil taxing unit's total assessed value of all taxable property in the
 4 calendar year immediately preceding the particular calendar year.
 5 STEP THREE: Divide the sum of the three (3) quotients
 6 computed in STEP TWO by three (3).

7 STEP FOUR: Determine the greater of the result computed in
 8 STEP THREE or one and five-hundredths (1.05), **for 2001 and**
 9 **for years after 2003, and four-hundredths (1.04), for 2002 and**
 10 **2003.**

11 STEP FIVE: Determine the lesser of the result computed in STEP
 12 FOUR or one and one-tenth (1.1), **for 2001 and for years after**
 13 **2003, and eight-hundredths (1.08), for 2002 and 2003.**

14 (b) If the assessed values of taxable property used in determining a
 15 civil taxing unit's property taxes that are first due and payable in a
 16 particular calendar year are significantly increased over the assessed
 17 values used for the immediately preceding calendar year's property
 18 taxes due to the settlement of litigation concerning the general
 19 reassessment of that civil taxing unit's real property, then for purposes
 20 of determining that civil taxing unit's assessed value growth quotient
 21 for an ensuing calendar year, the state board of tax commissioners shall
 22 replace the quotient described in STEP TWO of subsection (a) for that
 23 particular calendar year. The state board of tax commissioners shall
 24 replace that quotient with one that as accurately as possible will reflect
 25 the actual growth in the civil taxing unit's assessed values of real
 26 property from the immediately preceding calendar year to that
 27 particular calendar year.

28 SECTION 4. IC 6-1.1-18.5-3 IS AMENDED TO READ AS
 29 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Except as
 30 otherwise provided in this chapter, a civil taxing unit that is treated as
 31 not being located in an adopting county under section 4 of this chapter
 32 may not impose an ad valorem property tax levy for an ensuing
 33 calendar year that exceeds the amount determined in the last STEP of
 34 the following STEPS:

35 STEP ONE: Add the civil taxing unit's maximum permissible ad
 36 valorem property tax levy for the preceding calendar year to the
 37 part of the civil taxing unit's certified share, if any, that was used
 38 to reduce the civil taxing unit's ad valorem property tax levy under
 39 STEP EIGHT of subsection (b) for that preceding calendar year.
 40 STEP TWO: Multiply the amount determined in STEP ONE by
 41 the amount determined in the last STEP of section 2 of this
 42 chapter.

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- 1 STEP THREE: Determine the lesser of one and fifteen hundredths
 2 (1.15) or the quotient (rounded to the nearest ten-thousandth), of
 3 the assessed value of all taxable property subject to the civil
 4 taxing unit's ad valorem property tax levy for the ensuing calendar
 5 year, divided by the assessed value of all taxable property that is
 6 subject to the civil taxing unit's ad valorem property tax levy for
 7 the ensuing calendar year and that is contained within the
 8 geographic area that was subject to the civil taxing unit's ad
 9 valorem property tax levy in the preceding calendar year.
 10 STEP FOUR: Determine the greater of the amount determined in
 11 STEP THREE or one (1).
 12 STEP FIVE: Multiply the amount determined in STEP TWO by
 13 the amount determined in STEP FOUR.
 14 STEP SIX: Add the amount determined under STEP TWO to the
 15 amount determined under subsection (c).
 16 STEP SEVEN: Determine the greater of the amount determined
 17 under STEP FIVE or the amount determined under STEP SIX.
- 18 (b) Except as otherwise provided in this chapter **and**
 19 **IC 6-3.5-1.1-11.5**, a civil taxing unit that is treated as being located in
 20 an adopting county under section 4 of this chapter may not impose an
 21 ad valorem property tax levy for an ensuing calendar year that exceeds
 22 the amount determined in the last STEP of the following STEPS:
- 23 STEP ONE: Add the civil taxing unit's maximum permissible ad
 24 valorem property tax levy for the preceding calendar year to the
 25 part of the civil taxing unit's certified share, if any, used to reduce
 26 the civil taxing unit's ad valorem property tax levy under STEP
 27 EIGHT of this subsection for that preceding calendar year.
 28 STEP TWO: Multiply the amount determined in STEP ONE by
 29 the amount determined in the last STEP of section 2 of this
 30 chapter.
 31 STEP THREE: Determine the lesser of one and fifteen hundredths
 32 (1.15) or the quotient of the assessed value of all taxable property
 33 subject to the civil taxing unit's ad valorem property tax levy for
 34 the ensuing calendar year divided by the assessed value of all
 35 taxable property that is subject to the civil taxing unit's ad
 36 valorem property tax levy for the ensuing calendar year and that
 37 is contained within the geographic area that was subject to the
 38 civil taxing unit's ad valorem property tax levy in the preceding
 39 calendar year.
 40 STEP FOUR: Determine the greater of the amount determined in
 41 STEP THREE or one (1).
 42 STEP FIVE: Multiply the amount determined in STEP TWO by

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1 the amount determined in STEP FOUR.

2 STEP SIX: Add the amount determined under STEP TWO to the
3 amount determined under subsection (c).

4 STEP SEVEN: Determine the greater of the amount determined
5 under STEP FIVE or the amount determined under STEP SIX.

6 STEP EIGHT: Subtract the amount determined under STEP FIVE
7 of subsection (e) from the amount determined under STEP
8 SEVEN of this subsection. **For a county that has adopted an
9 ordinance under IC 6-3.5-1.1-11.5, subtract the amount
10 specified as base year certified shares by the civil taxing unit
11 under IC 6-3.5-1.1-11.5(c).**

12 (c) If a civil taxing unit in the immediately preceding calendar year
13 provided an area outside its boundaries with services on a contractual
14 basis and in the ensuing calendar year that area has been annexed by
15 the civil taxing unit, the amount to be entered under STEP SIX of
16 subsection (a) or STEP SIX of subsection (b), as the case may be,
17 equals the amount paid by the annexed area during the immediately
18 preceding calendar year for services that the civil taxing unit must
19 provide to that area during the ensuing calendar year as a result of the
20 annexation. In all other cases, the amount to be entered under STEP
21 SIX of subsection (a) or STEP SIX of subsection (b), as the case may
22 be, equals zero (0).

23 (d) **This subsection does not apply to a civil taxing unit located
24 in a county that has adopted an ordinance under IC 6-3.5-1.1-11.5.**
25 This subsection applies only to civil taxing units located in a county
26 having a county adjusted gross income tax rate for resident county
27 taxpayers (as defined in IC 6-3.5-1.1-1) of one percent (1%) as of
28 January 1 of the ensuing calendar year. For each civil taxing unit, the
29 amount to be added to the amount determined in subsection (e), STEP
30 FOUR, is determined using the following formula:

31 STEP ONE: Multiply the civil taxing unit's maximum permissible
32 ad valorem property tax levy for the preceding calendar year by
33 two percent (2%).

34 STEP TWO: For the determination year, the amount to be used as
35 the STEP TWO amount is the amount determined in subsection
36 (f) for the civil taxing unit. For each year following the
37 determination year the STEP TWO amount is the lesser of:

38 (A) the amount determined in STEP ONE; or

39 (B) the amount determined in subsection (f) for the civil taxing
40 unit.

41 STEP THREE: Determine the greater of:

42 (A) zero (0); or

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- 1 (B) the civil taxing unit's certified share for the ensuing
 2 calendar year minus the greater of:
 3 (i) the civil taxing unit's certified share for the calendar year
 4 that immediately precedes the ensuing calendar year; or
 5 (ii) the civil taxing unit's base year certified share.
 6 STEP FOUR: Determine the greater of:
 7 (A) zero (0); or
 8 (B) the amount determined in STEP TWO minus the amount
 9 determined in STEP THREE.
 10 Add the amount determined in STEP FOUR to the amount determined
 11 in subsection (e), STEP THREE, as provided in subsection (e), STEP
 12 FOUR.
 13 (e) **This subsection does not apply to a civil taxing unit located**
 14 **in a county that has adopted an ordinance under IC 6-3.5-1.1-11.5.**
 15 For each civil taxing unit, the amount to be subtracted under subsection
 16 (b), STEP EIGHT, is determined using the following formula:
 17 STEP ONE: Determine the lesser of the civil taxing unit's base
 18 year certified share for the ensuing calendar year, as determined
 19 under section 5 of this chapter, or the civil taxing unit's certified
 20 share for the ensuing calendar year.
 21 STEP TWO: Determine the greater of:
 22 (A) zero (0); or
 23 (B) the remainder of:
 24 (i) the amount of federal revenue sharing money that was
 25 received by the civil taxing unit in 1985; minus
 26 (ii) the amount of federal revenue sharing money that will be
 27 received by the civil taxing unit in the year preceding the
 28 ensuing calendar year.
 29 STEP THREE: Determine the lesser of:
 30 (A) the amount determined in STEP TWO; or
 31 (B) the amount determined in subsection (f) for the civil taxing
 32 unit.
 33 STEP FOUR: Add the amount determined in subsection (d),
 34 STEP FOUR, to the amount determined in STEP THREE.
 35 STEP FIVE: Subtract the amount determined in STEP FOUR
 36 from the amount determined in STEP ONE.
 37 (f) **This subsection does not apply to a civil taxing unit located**
 38 **in a county that has adopted an ordinance under IC 6-3.5-1.1-11.5.**
 39 As used in this section, a taxing unit's "determination year" means the
 40 latest of:
 41 (1) calendar year 1987, if the taxing unit is treated as being
 42 located in an adopting county for calendar year 1987 under

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- 1 section 4 of this chapter;
- 2 (2) the taxing unit's base year, as defined in section 5 of this
- 3 chapter, if the taxing unit is treated as not being located in an
- 4 adopting county for calendar year 1987 under section 4 of this
- 5 chapter; or
- 6 (3) the ensuing calendar year following the first year that the
- 7 taxing unit is located in a county that has a county adjusted gross
- 8 income tax rate of more than one-half percent (0.5%) on July 1 of
- 9 that year.

10 The amount to be used in subsections (d) and (e) for a taxing unit
 11 depends upon the taxing unit's certified share for the ensuing calendar
 12 year, the taxing unit's determination year, and the county adjusted gross
 13 income tax rate for resident county taxpayers (as defined in
 14 IC 6-3.5-1.1-1) that is in effect in the taxing unit's county on July 1 of
 15 the year preceding the ensuing calendar year. For the determination
 16 year and the ensuing calendar years following the taxing unit's
 17 determination year, the amount is the taxing unit's certified share for
 18 the ensuing calendar year multiplied by the appropriate factor
 19 prescribed in the following table:

20			COUNTIES WITH A TAX RATE OF 1/2%			
21			Subsection (e)			
22	Year		Factor			
23	For the determination year and each en-					
24	suing calendar year following the deter-					
25	mination year 0					
26				COUNTIES WITH A TAX RATE OF 3/4%		
27			Subsection (e)			
28	Year		Factor			
29	For the determination year and each en-					
30	suing calendar year following the deter-					
31	mination year 1/2					
32				COUNTIES WITH A TAX RATE OF 1.0%		
33			Subsection (d)	Subsection (e)		
34	Year		Factor	Factor		
35	For the determination year		1/6	1/3		
36	For the ensuing calendar					
37	year following the determi-					
38	nation year		1/4	1/3		
39	For the ensuing calendar					
40	year following the determi-					
41	nation year by two (2) years		1/3	1/3		

42 SECTION 5. IC 6-1.1-18.5-5 IS AMENDED TO READ AS

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1 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) As used in
 2 this section, "base year" for a civil taxing unit means the most recent
 3 calendar year:

4 (1) in which the civil taxing unit is located in an adopting county,
 5 as determined under section 4 of this chapter; and

6 (2) that is immediately preceded by a calendar year in which the
 7 civil taxing unit either:

8 (A) was not located in an adopting county, as determined
 9 under section 4 of this chapter; or

10 (B) did not impose an ad valorem property tax levy.

11 If the civil taxing unit was located in an adopting county in calendar
 12 year 1979, as determined under section 4 of this chapter, the civil
 13 taxing unit's base year is calendar year 1979 or the year determined
 14 above, whichever is later.

15 (b) If the county adjusted gross income tax was not in effect on
 16 January 1 of the calendar year immediately preceding the ensuing
 17 calendar year in the county in which a particular civil taxing unit is
 18 located, then the civil taxing unit's base year certified share is the
 19 amount of certified shares to be received by the civil taxing unit during
 20 its base year.

21 (c) If the county adjusted gross income tax was in effect on January
 22 1 of the calendar year immediately preceding the ensuing calendar year
 23 in the county in which a particular civil taxing unit is located, then the
 24 civil taxing unit's base year certified share is the amount of certified
 25 shares received by the civil taxing unit in its base year, multiplied by
 26 a fraction:

27 (1) The numerator of the fraction equals the remainder of the
 28 county adjusted gross income tax rate of the county in which the
 29 civil taxing unit is located and that is imposed on January 1 of the
 30 ensuing calendar year minus one quarter of one percent (1/4%).

31 (2) The denominator of the fraction equals the remainder of the
 32 county adjusted gross income tax rate of the county in which the
 33 civil taxing unit is located and that is imposed on January 1 of the
 34 civil taxing unit's base year minus one quarter of one percent
 35 (1/4%).

36 **(d) For a civil taxing unit located in a county that has adopted**
 37 **an ordinance under IC 6-3.5-1.1-11.5, base year certified shares**
 38 **must be the amount specified by the civil taxing unit in the**
 39 **ordinance adopted under IC 6-3.5-1.1-11.5.**

40 SECTION 6. IC 6-1.1-20.4 IS ADDED TO THE INDIANA CODE
 41 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 42 JULY 1, 2001]:

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Chapter 20.4. Family and Children's Fund Property Tax Relief

Sec. 1. As used in this chapter, "net family and children's fund property tax liability" means the property taxes imposed on a taxpayer under IC 12-19-7 for a county's family and children's fund that are due and payable in 2003, as shown on the property tax statement sent to a taxpayer after all deductions and credits have been applied under any other statute.

Sec. 2. (a) The family and children's property tax relief fund is established. The purpose of the fund is to provide property tax relief as specified in this chapter. The fund shall be administered by the budget agency.

(b) The fund consists of:

- (1) Transfers to the fund from the lottery and gaming surplus account established under IC 4-30-17-3.5.**
- (2) Any appropriations from the general assembly.**
- (3) Any gifts and grants to the fund.**

(c) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the fund.

(d) The money in the fund at the end of a state fiscal year does not revert to the state general fund but remains in the fund to be used exclusively for the purposes set forth in this chapter.

(e) A local match account is established within the family and children's property tax relief fund for each county. A county may deposit into the county's local match account any local revenue, other than revenue from property taxes, for the purposes of providing the county's share of the credit under this chapter.

(f) The credit paid under this chapter to taxpayers in a county shall consist of:

- (1) amounts that are transferred to the family and children's property tax relief fund from the lottery and gaming surplus account; and**
- (2) a matching amount from local revenue, other than revenue from property taxes, that is deposited in the county's local match account.**

The amount of state money used to pay a credit under this chapter for a county's taxpayers must be matched on a one (1) to one (1) basis by amounts deposited by the county in the county's local match account.

Sec. 3. For property taxes first due and payable in 2003, a taxpayer is entitled to a credit under this chapter against the

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taxpayer's net family and children's fund property tax liability.

The amount of the credit is equal to:

(1) the taxpayer's net family and children's fund property tax liability for 2003; multiplied by

(2) the percentage determined for the year for the taxpayer's county by the budget agency under section 4 of this chapter.

Sec. 4. (a) The state board of tax commissioners shall provide the budget agency with an estimate, based on the balance in the family and children's property tax relief fund and the amount in each county's local match account, of the percentage that may be used under section 3(2) of this chapter in providing credits in 2003 to taxpayers under this chapter. The budget agency, after review by the state budget committee, shall determine the percentage that shall be used under section 3(2) of this chapter in providing credits in 2003 to taxpayers under this chapter.

(b) The state board of tax commissioners' estimate of the credit percentage and the budget agency's final determination of the credit percentage for a particular county must be based on the balance in the family and children's property tax relief fund and the amounts deposited by the county in its local match account. Subject to the balance of state funds in the family and children's property tax relief fund, the credit percentage determined for a particular county must be sufficient to ensure that the state funds provided to pay the credit in the county will match on a one (1) to one (1) basis the amounts deposited by the county in the county's local match account.

(c) The state budget committee shall meet before the second Monday in January of 2003 to review the credit percentage proposed for the year for each county by the budget agency.

(d) The budget agency must report to the governor and the legislative council the credit percentage determined under this section for each county not more than seven (7) days after the state budget committee meets to review the proposed credit percentage.

Sec. 5. The county auditor shall compute the net amount of property taxes in the county that is attributable to property taxes imposed on a taxpayer under IC 12-19-7 in 2003 for the county's family and children's fund, after all deductions and credits have been applied under any other statute.

Sec. 6. Before February 1 of 2003, each county auditor shall certify to the state board of tax commissioners the amount of credits allowed under this chapter in the county for 2003. Except as otherwise provided in this chapter, the credits shall be

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determined in the same manner as property tax replacement credits are determined under IC 6-1.1-21, after deducting the property tax replacement credit under IC 6-1.1-21.

Sec. 7. (a) In 2003, the auditor of state shall allocate from the family and children's property tax relief fund and a county's local match account an amount equal to the total amount of credits that are provided under this chapter for the county for that year in the same manner as the homestead credits are allocated from the property tax replacement fund under IC 6-1.1-21.

(b) The auditor of state shall distribute to each county treasurer, from the family and children's property tax relief fund and a county's local match account, the estimated distribution for that year for the county at the same time and in the same manner as the homestead credit distributions are made under IC 6-1.1-21. The money in the family and children's property tax relief fund and the county local match accounts is appropriated to make the distributions under this section. The amount of state money distributed from the family and children's property tax relief fund to pay a credit under this chapter for a county's taxpayers must be matched on a one (1) to one (1) basis by amounts deposited by the county in the county's local match account.

(c) All distributions provided under this section shall be made on warrants issued by the auditor of state drawn on the treasurer of state.

Sec. 8. To the extent it is consistent with this chapter, IC 6-1.1-21 applies with respect to the credit under this chapter.

SECTION 7. IC 6-3.1-20 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]:

Chapter 20. Credit for Property Taxes Paid on Personal Property

Sec. 1. As used in this chapter, "assessed value" means the assessed value determined under IC 6-1.1-3.

Sec. 2. As used in this chapter, "net ad valorem property taxes" means the amount of property taxes paid by a taxpayer for a particular calendar year after the application of all property tax deductions and property tax credits.

- Sec. 3.** As used in this chapter, "pass through entity" means:
- (1) a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);
 - (2) a partnership;
 - (3) a trust;

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(4) a limited liability company; or
 (5) a limited liability partnership.

Sec. 4. As used in this chapter, "personal property" includes personal property as defined in IC 6-1.1-1-11 and personal property assessed under IC 6-1.1-7.

Sec. 5. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

- (1) IC 6-2.1 (gross income tax);
- (2) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);
- (3) IC 6-3-8 (supplemental net income tax);
- (4) IC 6-5.5 (financial institutions tax); and
- (5) IC 27-1-18-2 (insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 6. As used in this chapter, "taxpayer" means an individual or entity that has state tax liability.

Sec. 7. (a) A taxpayer is entitled to a credit against the taxpayer's state tax liability for a taxable year for the net ad valorem property taxes paid by the taxpayer in the taxable year on personal property with an assessed value equal to the lesser of:

- (1) the assessed value of the person's personal property; or
- (2) thirty-seven thousand five hundred dollars (\$37,500).

A taxpayer is entitled to only one (1) credit under this chapter each taxable year.

(b) An affiliated group that files a consolidated return under IC 6-2.1-5-5 is entitled to only one (1) credit under this chapter each taxable year on that consolidated return. A taxpayer that is a partnership, joint venture, or pool is entitled to only one (1) credit under this chapter each taxable year, regardless of the number of partners or participants in the organization.

Sec. 8. If the amount of the credit determined under section 7 of this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess over to the following taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year. A taxpayer is not entitled to a carryback.

Sec. 9. If a pass through entity does not have state income tax liability against which the tax credit may be applied, a shareholder or partner of the pass through entity is entitled to a tax credit equal

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to:
(1) the tax credit determined for the pass through entity for the taxable year; multiplied by
(2) the percentage of the pass through entity's distributive income to which the shareholder or partner is entitled.

Sec. 10. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department proof of payment of an ad valorem property tax and all information that the department determines is necessary for the calculation of the credit provided by this chapter.

SECTION 8. IC 6-3.1-21-10, AS ADDED BY P.L.273-1999, SECTION 227, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 10. This chapter expires December 31, ~~2001~~. **2003**.

SECTION 9. IC 6-3.5-1.1-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) The county council of any county in which the county option income tax will not be in effect on July 1 of a year under an ordinance adopted during a previous calendar year may impose the county adjusted gross income tax on the adjusted gross income of county taxpayers of its county effective July 1 of that year.

(b) Except as provided in section 2.5 or 3.5 of this chapter **and in subsection (g)**, the county adjusted gross income tax may be imposed at a rate of one-half of one percent (0.5%), three-fourths of one percent (0.75%), or one percent (1%) on the adjusted gross income of resident county taxpayers of the county. Any county imposing the county adjusted gross income tax must impose the tax on the nonresident county taxpayers at a rate of one-fourth of one percent (0.25%) on their adjusted gross income. If the county council elects to decrease the county adjusted gross income tax, the county council may decrease the county adjusted gross income tax rate in increments of one-tenth of one percent (0.1%).

(c) To impose the county adjusted gross income tax, the county council must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Council imposes the county adjusted gross income tax on the county taxpayers of _____ County. The county adjusted gross income tax is imposed at a rate of _____ percent (____%) on the resident county taxpayers of the county and one-fourth of one percent (0.25%) on the nonresident

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1 county taxpayers of the county. This tax takes effect July 1 of this
2 year."

3 (d) Any ordinance adopted under this section takes effect July 1 of
4 the year the ordinance is adopted.

5 (e) The auditor of a county shall record all votes taken on
6 ordinances presented for a vote under the authority of this section and
7 immediately send a certified copy of the results to the department by
8 certified mail.

9 (f) If the county adjusted gross income tax had previously been
10 adopted by a county under IC 6-3.5-1 (before its repeal on March 15,
11 1983) and that tax was in effect at the time of the enactment of this
12 chapter, then the county adjusted gross income tax continues in that
13 county at the rates in effect at the time of enactment until the rates are
14 modified or the tax is rescinded in the manner prescribed by this
15 chapter. If a county's adjusted gross income tax is continued under this
16 subsection, then the tax shall be treated as if it had been imposed under
17 this chapter and is subject to rescission or reduction as authorized in
18 this chapter.

19 **(g) In addition to the rates imposed under section 2.5 or 3.5 of
20 this chapter or under subsection (b), a county council may adopt an
21 ordinance to impose one (1) or both of the following additional
22 county adjusted gross income tax rates:**

23 **(1) An additional rate of not more one-fourth of one percent
24 (0.25%) may be imposed for the purposes of providing
25 property tax relief under section 11.5(b)(1) through 11.5(b)(3)
26 of this chapter.**

27 **(2) An additional rate of not more than one-fourth of one
28 percent (0.25%) may be imposed for the purposes of
29 providing local revenue that will be deposited under section
30 11.5(b)(4) of this chapter in the county's local match account
31 established under IC 6-1.1-20.4. However, a county may not
32 impose a rate under this subdivision after June 30, 2003. A
33 rate imposed under this subdivision before July 1, 2003, is
34 rescinded on July 1, 2003.**

35 **An additional rate imposed under his subsection shall be adopted
36 in the manner described in subsection (c).**

37 **(h) If a county adopts an additional rate under subsection (g)(2),
38 the additional rate shall apply to the adjusted gross income of
39 county taxpayers and to the apportioned net income of
40 corporations. For purposes of this subsection, "apportioned net
41 income" means net income (as defined in IC 6-3-8-2) multiplied by:**

42 **(1) the assessed value of all property of a corporation that is:**

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- 1 (A) taxable under IC 6-1.1; and
- 2 (B) located in the county; divided by
- 3 (2) the assessed value of all property of the corporation that
- 4 is:
- 5 (A) taxable under IC 6-1.1; and
- 6 (B) located in Indiana.

7 SECTION 10. IC 6-3.5-1.1-11 IS AMENDED TO READ AS
 8 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) Except for
 9 revenue that:

- 10 (1) must be used to pay the costs of operating a jail and juvenile
- 11 detention center under section 2.5(d) of this chapter or revenue
- 12 that must be used to pay the costs of operating and maintaining a
- 13 jail and justice center under section 3.5(d) of this chapter; or
- 14 (2) has been dedicated to property tax relief by the county
- 15 under section 11.5 of this chapter;

16 the certified distribution received by a county treasurer shall, in the
 17 manner prescribed in this section, be allocated, distributed, and used
 18 by the civil taxing units and school corporations of the county as
 19 certified shares and property tax replacement credits.

20 (b) Before August 2 of each calendar year, each county auditor shall
 21 determine the part of the certified distribution for the next succeeding
 22 calendar year that will be allocated as property tax replacement credits
 23 and the part that will be allocated as certified shares. The percentage
 24 of a certified distribution that will be allocated as property tax
 25 replacement credits or as certified shares depends upon the county
 26 adjusted gross income tax rate for resident county taxpayers in effect
 27 on August 1 of the calendar year that precedes the year in which the
 28 certified distribution will be received. The percentages are set forth in
 29 the following table:

30	COUNTY	PROPERTY TAX	
31	ADJUSTED GROSS	REPLACEMENT	CERTIFIED
32	INCOME TAX RATE	CREDITS	SHARES
33	0.5%	50%	50%
34	0.75%	33 1/3%	66 2/3%
35	1%	25%	75%

36 (c) The part of a certified distribution that constitutes property tax
 37 replacement credits shall be distributed as provided under sections 12,
 38 13, and 14 of this chapter.

39 (d) The part of a certified distribution that constitutes certified
 40 shares shall be distributed as provided by section 15 of this chapter.

41 SECTION 11. IC 6-3.5-1.1-11.5 IS ADDED TO THE INDIANA

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1 CODE AS A NEW SECTION TO READ AS FOLLOWS
 2 [EFFECTIVE UPON PASSAGE]: **Sec. 11.5. (a) A county council**
 3 **may adopt an ordinance to use revenue under this chapter for**
 4 **property tax relief. All or a part of the certified distribution to a**
 5 **county under this chapter, minus the amount needed to provide**
 6 **property tax replacement credits for school corporations, may be**
 7 **used for property tax relief under this section. The amount of**
 8 **property tax replacement credits that shall be allocated and**
 9 **distributed to a school corporation within the county is the same**
 10 **property tax replacement credit amount the school corporation**
 11 **would have been allocated if the county council had not adopted an**
 12 **ordinance under this section.**

13 (b) The types of property tax relief that may be provided under
 14 this section are limited to the following:

15 (1) Providing property tax replacement credits to be
 16 distributed as provided in section 11.6 of this chapter.

17 (2) Increasing the percentage credit allowed for homesteads
 18 in the county under IC 6-1.1-20.9-2, as provided in section
 19 11.7 of this chapter.

20 (3) Providing a property tax reduction for low income
 21 individuals under section 11.8 of this chapter.

22 (4) Depositing revenue under this chapter in the county's local
 23 match account established under IC 6-1.1-20.4 to be used for
 24 the purpose of matching state distributions for the credit
 25 under IC 6-1.1-20.4 against the net family and children's fund
 26 property tax liability of taxpayers in the county in 2003. This
 27 subdivision expires January 1, 2004.

28 (5) A combination of the types of relief listed in subdivisions
 29 (1) through (4).

30 (c) An ordinance adopted under this section must specify the
 31 percentage of the total certified distribution that will be used for
 32 each type of relief. The remaining certified distribution shall be
 33 considered certified shares for each civil taxing unit. Before a civil
 34 taxing unit may receive the certified shares, it must adopt an
 35 ordinance specifying the amount that will be treated as base year
 36 certified shares under IC 6-1.1-18.5-5.

37 (d) An ordinance may be adopted under this section after
 38 January 1 but before June 1 of a calendar year. The ordinance
 39 remains in effect for the period specified in the ordinance or until
 40 it is rescinded.

41 (e) An ordinance adopted under this section takes effect on
 42 January 1 of the next succeeding calendar year.

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1 (f) An ordinance adopted under this section for a county is
 2 repealed for a year if, on January 1 of that year, the county
 3 adjusted gross income tax is not in effect.

4 SECTION 12. IC 6-3.5-1.1-11.6 IS ADDED TO THE INDIANA
 5 CODE AS A NEW SECTION TO READ AS FOLLOWS
 6 [EFFECTIVE UPON PASSAGE]: **Sec. 11.6. (a) If an ordinance**
 7 **adopted under section 11.5 of this chapter includes property tax**
 8 **replacement credits, these credits shall be allocated and distributed**
 9 **to civil taxing units by taking the amount dedicated to these credits**
 10 **multiplied by a fraction:**

11 (1) the numerator of which equals the sum of the total
 12 property taxes being collected by the civil taxing unit during
 13 that calendar year; and

14 (2) the denominator of which equals the sum of the total
 15 property taxes being collected by all civil taxing units in the
 16 county.

17 (b) The state board of tax commissioners shall reduce the net
 18 property tax levy of each civil taxing unit by the amount of the
 19 property tax replacement credits allocated under this section.

20 SECTION 13. IC 6-3.5-1.1-11.7 IS ADDED TO THE INDIANA
 21 CODE AS A NEW SECTION TO READ AS FOLLOWS
 22 [EFFECTIVE UPON PASSAGE]: **Sec. 11.7. If an ordinance adopted**
 23 **under section 11.5 of this chapter includes an increase in the**
 24 **homestead credit percentage, the increase of the homestead credit**
 25 **percentage must be uniform for all homesteads in the county. In**
 26 **the ordinance that increases the homestead credit percentage, a**
 27 **county council may provide for a series of increases or decreases**
 28 **to take place for each of a group of succeeding calendar years.**

29 SECTION 14. IC 6-3.5-1.1-11.8 IS ADDED TO THE INDIANA
 30 CODE AS A NEW SECTION TO READ AS FOLLOWS
 31 [EFFECTIVE UPON PASSAGE]: **Sec. 11.8. (a) If an ordinance**
 32 **adopted under section 11.5 of this chapter includes a property tax**
 33 **reduction for low income individuals, the following apply:**

34 (1) The reduction applies only to a homestead to which the
 35 state homestead credit applies.

36 (2) The combined adjusted gross income (as defined in Section
 37 62 of the Internal Revenue Code) of:

38 (A) the individual who owns the homestead and the
 39 individual's spouse; or

40 (B) the individual and all other individuals with whom the
 41 individual:

42 (i) shares ownership; or

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1 (ii) is purchasing the property under a contract;
 2 as joint tenants or tenants in common;
 3 for the calendar year preceding the year in which the credit
 4 is claimed may not exceed twenty-five thousand dollars
 5 (\$25,000).

6 (b) The ordinance must set forth the amount by which property
 7 taxes on the homestead shall be reduced, which may be in terms of
 8 a percentage of property taxes due, a percentage of combined
 9 adjusted gross income, or a fixed amount. However, the maximum
 10 property tax reduction under this section may not cause the
 11 property taxes due on a homestead for a year to be less than two
 12 percent (2%) of the combined adjusted gross income referred to in
 13 subsection (a).

14 (c) An individual must claim the property tax reduction in the
 15 same manner as the state homestead credit is claimed. An
 16 individual who receives a property tax reduction under this section
 17 in a particular year and who becomes ineligible in the following
 18 year shall notify the auditor of the county in which the homestead
 19 is located of the ineligibility before May 10 of the year in which the
 20 individual becomes ineligible.

21 (d) The auditor of each county shall, in a particular year, apply
 22 the property tax reduction to each individual who received the
 23 reduction in the preceding year unless the auditor determines that
 24 the individual is no longer eligible for the reduction.

25 SECTION 15. IC 6-3.5-1.1-12 IS AMENDED TO READ AS
 26 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) **Except as**
 27 **provided in section 11.5 of this chapter**, the part of a county's
 28 certified distribution for a calendar year that is to be used as property
 29 tax replacement credits shall be allocated by the county auditor among
 30 the civil taxing units and school corporations of the county.

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

35 (1) that part of the county's certified distribution that is dedicated
 36 to providing property tax replacement credits for that same
 37 calendar year; multiplied by

38 (2) a fraction:

39 (A) The numerator of the fraction equals the sum of the total
 40 property taxes being collected by the civil taxing unit or school
 41 corporation during that calendar year, plus with respect to a
 42 civil taxing unit, the amount of federal revenue sharing funds,

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1 and certified shares received by it during that calendar year to
2 the extent that they are used to reduce its property tax levy
3 below the limit imposed by IC 6-1.1-18.5 for that same
4 calendar year.

5 (B) The denominator of the fraction equals the sum of the total
6 property taxes being collected by all civil taxing units and
7 school corporations, plus the amount of federal revenue
8 sharing funds and certified shares received by all civil taxing
9 units in the county to the extent that they are used to reduce
10 the civil taxing units' property tax levies below the limits
11 imposed by IC 6-1.1-18.5 for that same calendar year.

12 (c) The state board of tax commissioners shall provide each county
13 auditor with the amount of property tax replacement credits that each
14 civil taxing unit and school corporation in the auditor's county is
15 entitled to receive. The county auditor shall then certify to each civil
16 taxing unit and school corporation the amount of property tax
17 replacement credits it is entitled to receive (after adjustment made
18 under section 13 of this chapter) during that calendar year. The county
19 auditor shall also certify these distributions to the county treasurer.

20 SECTION 16. IC 6-3.5-1.1-14 IS AMENDED TO READ AS
21 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 14. (a) **This**
22 **section applies to property tax replacement credits provided in**
23 **section 11.5 of this chapter.** In determining the amount of property tax
24 replacement credits civil taxing units and school corporations of a
25 county are entitled to receive during a calendar year, the state board of
26 tax commissioners shall consider only property taxes imposed on
27 tangible property that was assessed in that county.

28 (b) If a civil taxing unit or a school corporation is located in more
29 than one (1) county and receives property tax replacement credits from
30 one (1) or more of the counties, then the property tax replacement
31 credits received from each county shall be used only to reduce the
32 property tax rates that are imposed within the county that distributed
33 the property tax replacement credits.

34 (c) A civil taxing unit shall treat any property tax replacement
35 credits that it receives or is to receive during a particular calendar year
36 as a part of its property tax levy for that same calendar year for
37 purposes of fixing its budget and for purposes of the property tax levy
38 limits imposed by IC 6-1.1-18.5.

39 (d) A school corporation shall treat any property tax replacement
40 credits that the school corporation receives or is to receive during a
41 particular calendar year as a part of its property tax levy for its general
42 fund, debt service fund, capital projects fund, transportation fund, and

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1 special education preschool fund in proportion to the levy for each of
2 these funds for that same calendar year for purposes of fixing its budget
3 and for purposes of the property tax levy limits imposed by IC 6-1.1-19.
4 A school corporation shall allocate the property tax replacement credits
5 described in this subsection to all five (5) funds in proportion to the
6 levy for each fund.

7 SECTION 17. IC 6-3.5-1.1-15, AS AMENDED BY P.L.273-1999,
8 SECTION 69, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
9 UPON PASSAGE]: Sec. 15. (a) As used in this section, "attributed
10 levy" of a civil taxing unit means the sum of:

- 11 (1) the ad valorem property tax levy of the civil taxing unit that is
- 12 currently being collected at the time the allocation is made; plus
- 13 (2) the current ad valorem property tax levy of any special taxing
- 14 district, authority, board, or other entity formed to discharge
- 15 governmental services or functions on behalf of or ordinarily
- 16 attributable to the civil taxing unit; plus
- 17 (3) the amount of federal revenue sharing funds and certified
- 18 shares that were used by the civil taxing unit (or any special
- 19 taxing district, authority, board, or other entity formed to
- 20 discharge governmental services or functions on behalf of or
- 21 ordinarily attributable to the civil taxing unit) to reduce its ad
- 22 valorem property tax levies below the limits imposed by
- 23 IC 6-1.1-18.5; plus
- 24 (4) in the case of a county, an amount equal to the property taxes
- 25 imposed by the county in 1999 for the county's welfare fund and
- 26 welfare administration fund.

27 (b) The part of a county's certified distribution that is to be used as
28 certified shares shall be allocated only among the county's civil taxing
29 units. Each civil taxing unit of a county is entitled to receive a
30 percentage of the certified shares to be distributed in the county equal
31 to the ratio of its attributed levy to the total attributed levies of all civil
32 taxing units of the county.

33 (c) The local government tax control board established by
34 IC 6-1.1-18.5-11 shall determine the attributed levies of civil taxing
35 units that are entitled to receive certified shares during a calendar year.
36 If the ad valorem property tax levy of any special taxing district,
37 authority, board, or other entity is attributed to another civil taxing unit
38 under subsection (b)(2), then the special taxing district, authority,
39 board, or other entity shall not be treated as having an attributed levy
40 of its own. The local government tax control board shall certify the
41 attributed levy amounts to the appropriate county auditor. The county
42 auditor shall then allocate the certified shares among the civil taxing

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1 units of ~~his~~ **the auditor's** county.

2 (d) Certified shares received by a civil taxing unit shall be treated
3 as additional revenue for the purpose of fixing its budget for the
4 calendar year during which the certified shares will be received. The
5 certified shares may be allocated to or appropriated for any purpose,
6 including ~~property tax relief~~ or a transfer of funds to another civil
7 taxing unit whose levy was attributed to the civil taxing unit in the
8 determination of its attributed levy. **The amount of revenue used for
9 property tax relief under section 11.5 of this chapter shall not be
10 treated as additional revenue.**

11 SECTION 18. IC 6-3.5-6-9.6 IS ADDED TO THE INDIANA
12 CODE AS A NEW SECTION TO READ AS FOLLOWS
13 [EFFECTIVE UPON PASSAGE]: **Sec. 9.6. (a) In addition to the
14 rates imposed under section 8 or 9 of this chapter, a county income
15 tax council may adopt an ordinance to impose one (1) or both of
16 the following additional county option income tax rates:**

17 (1) **An additional rate of not more than one-fourth of one
18 percent (0.25%) may be imposed for the purposes of
19 providing property tax relief under section 13(b)(1) through
20 13(b)(3) of this chapter.**

21 (2) **An additional rate of not more than one-fourth of one
22 percent (0.25%) may be imposed for the purposes of
23 providing local revenue that will be deposited under section
24 13(b)(4) of this chapter in the county's local match account
25 established under IC 6-1.1-20.4. However, a county may not
26 impose a rate under this subdivision after June 30, 2003. A
27 rate imposed under this subdivision before July 1, 2003, is
28 rescinded on July 1, 2003.**

29 **An additional rate imposed under his subsection shall be adopted
30 in the manner described in section 8 of this chapter.**

31 (b) **If a county adopts an additional rate under subsection (a)(2),
32 the additional rate shall apply to the adjusted gross income of
33 county taxpayers and to the apportioned net income of
34 corporations. For purposes of this subsection, "apportioned net
35 income" means net income (as defined in IC 6-3-8-2) multiplied by:**

36 (1) **the assessed value of all property of a corporation that is:**

37 (A) **taxable under IC 6-1.1; and**

38 (B) **located in the county; divided by**

39 (2) **the assessed value of all property of the corporation that
40 is:**

41 (A) **taxable under IC 6-1.1; and**

42 (B) **located in Indiana.**



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1 SECTION 19. IC 6-3.5-6-13 IS AMENDED TO READ AS
 2 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13. (a) A county
 3 income tax council of a county in which the county option income tax
 4 is in effect may adopt an ordinance to ~~increase~~ **use all or a portion of**
 5 **the certified distribution under this chapter for property tax relief.**

6 **(b) The types of property tax relief that may be provided under**
 7 **this section are limited to the following:**

8 **(1) Providing property tax replacement credits to be**
 9 **distributed as provided in section 13.1 of this chapter.**

10 **(2) Increasing** the percentage credit allowed for homesteads in its
 11 county under IC 6-1.1-20.9-2, **as provided in section 13.2 of this**
 12 **chapter.**

13 **(3) Providing a property tax reduction for low income**
 14 **individuals under section 13.3 of this chapter.**

15 **(4) Depositing revenue under this chapter in the county's local**
 16 **match account established under IC 6-1.1-20.4 to be used for**
 17 **the purpose of matching state distributions for the credit**
 18 **under IC 6-1.1-20.4 against the net family and children's fund**
 19 **property tax liability of taxpayers in the county in 2003. This**
 20 **subdivision expires January 1, 2004.**

21 **(5) A combination of the types of relief listed in subdivisions**
 22 **(1) through (4).**

23 **(c) The ordinance must specify the percentage of the total**
 24 **certified distribution that will be used for each type of relief. The**
 25 **remaining certified distribution shall be treated as it would**
 26 **notwithstanding this section.**

27 ~~(b)~~ A county income tax council may not increase the percentage
 28 credit allowed for homesteads by an amount that exceeds eight percent
 29 (8%).

30 ~~(c)~~ The increase of the homestead credit percentage must be
 31 uniform for all homesteads in a county.

32 ~~(d)~~ In the ordinance that increases the homestead credit percentage,
 33 a county income tax council may provide for a series of increases or
 34 decreases to take place for each of a group of succeeding calendar
 35 years:

36 ~~(e)~~ **(d)** An ordinance may be adopted under this section after
 37 January 1 but before June 1 of a calendar year. **The ordinance**
 38 **remains in effect for the period specified in the ordinance or until**
 39 **the ordinance is rescinded.**

40 ~~(f)~~ **(e)** An ordinance adopted under this section takes effect on
 41 January 1 of the next succeeding calendar year.

42 ~~(g)~~ **(f)** Any ordinance adopted under this section for a county is

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1 repealed for a year if, on January 1 of that year, the county option
2 income tax is not in effect.

3 SECTION 20. IC 6-3.5-6-13.1 IS ADDED TO THE INDIANA
4 CODE AS A NEW SECTION TO READ AS FOLLOWS
5 [EFFECTIVE UPON PASSAGE]: **Sec. 13.1. (a) If an ordinance**
6 **adopted under section 13 of this chapter includes property tax**
7 **replacement credits, these credits shall be allocated and distributed**
8 **to civil taxing units by taking the amount dedicated to these credits**
9 **multiplied by a fraction:**

10 (1) the numerator of which equals the sum of the total
11 property taxes being collected by the civil taxing unit during
12 that calendar year; and

13 (2) the denominator of which equals the sum of the total
14 property taxes being collected by all civil taxing units.

15 (b) The state board of tax commissioners shall reduce the net
16 property tax levy of each civil taxing unit by the amount of the
17 property tax replacement credits allocated under this section.

18 SECTION 21. IC 6-3.5-6-13.2 IS ADDED TO THE INDIANA
19 CODE AS A NEW SECTION TO READ AS FOLLOWS
20 [EFFECTIVE UPON PASSAGE]: **Sec. 13.2. If an ordinance adopted**
21 **under section 13 of this chapter includes an increase in the**
22 **homestead credit percentage, the increase of the homestead credit**
23 **percentage must be uniform for all homesteads in a county. In an**
24 **ordinance that increases the homestead credit percentage, a county**
25 **council may provide for a series of increases or decreases to take**
26 **place for each of a group of succeeding calendar years.**

27 SECTION 22. IC 6-3.5-6-13.3 IS ADDED TO THE INDIANA
28 CODE AS A NEW SECTION TO READ AS FOLLOWS
29 [EFFECTIVE UPON PASSAGE]: **Sec. 13.3. (a) If an ordinance**
30 **adopted under section 13 of this chapter includes a property tax**
31 **reduction for low income individuals, the following apply:**

32 (1) The reduction applies only to a homestead to which the
33 state homestead credit applies.

34 (2) The combined adjusted gross income (as defined in Section
35 62 of the Internal Revenue Code) of:

36 (A) the individual who owns the homestead and the
37 individual's spouse; or

38 (B) the individual and all other individuals with whom the
39 individual:

40 (i) shares ownership; or

41 (ii) is purchasing the property under a contract;

42 as joint tenants or tenants in common;

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1 for the calendar year preceding the year in which the
2 reduction is claimed may not exceed twenty-five thousand
3 dollars (\$25,000).

4 (b) The ordinance must set forth the amount by which property
5 taxes on the homestead shall be reduced, which may be in terms of
6 a percentage of property taxes due, a percentage of combined
7 adjusted gross income, or a fixed amount. However, the maximum
8 property tax reduction under this section may not cause the
9 property taxes due on a homestead for a year to be less than two
10 percent (2%) of the combined adjusted gross income referred to in
11 subsection (a).

12 (c) An individual must claim the property tax reduction in the
13 same manner as the state homestead credit is claimed. An
14 individual who receives a property tax reduction under this section
15 in a particular year and who becomes ineligible in the following
16 year shall notify the auditor of the county in which the homestead
17 is located of the ineligibility before May 10 of the year in which the
18 individual becomes ineligible.

19 (d) The auditor of each county shall, in a particular year, apply
20 the property tax reduction to each individual who received the
21 reduction in the preceding year, unless the auditor determines that
22 the individual is no longer eligible for the reduction.

23 SECTION 23. IC 6-3.5-6-18, AS AMENDED BY P.L.273-1999,
24 SECTION 71, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
25 UPON PASSAGE]: Sec. 18. (a) The revenue a county auditor receives
26 under this chapter shall be used to:

- 27 (1) replace the amount, if any, of property tax revenue lost due to
28 the allowance of an increased homestead credit **providing**
29 **property tax relief** within the county **under section 13 of this**
30 **chapter;**
- 31 (2) fund the operation of a public communications system and
32 computer facilities district as provided in an election, if any, made
33 by the county fiscal body under IC 36-8-15-19(b);
- 34 (3) fund the operation of a public transportation corporation as
35 provided in an election, if any, made by the county fiscal body
36 under IC 36-9-4-42;
- 37 (4) make payments permitted under IC 36-7-15.1-17.5;
- 38 (5) make payments permitted under subsection ~~(f)~~; **(i)**; and
- 39 (6) make distributions of distributive shares to the civil taxing
40 units of a county.

41 (b) The county auditor shall retain from the payments of the county's
42 certified distribution, an amount equal to the revenue lost, if any, due

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1 to the increase of the homestead credit **providing property tax relief**
 2 within the county **under section 13 of this chapter**. This money shall
 3 be distributed to the civil taxing units and school corporations of the
 4 county as though they were property tax collections and in such a
 5 manner that no civil taxing unit or school corporation shall suffer a net
 6 revenue loss due to the allowance of ~~an increased homestead credit~~. **the**
 7 **property tax relief**.

8 (c) The county auditor shall retain the amount, if any, specified by
 9 the county fiscal body for a particular calendar year under subsection
 10 ~~(f)~~, (i), IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the
 11 county's certified distribution for that same calendar year. The county
 12 auditor shall distribute amounts retained under this subsection to the
 13 county.

14 (d) All certified distribution revenues that are not retained and
 15 distributed under subsections (b) and (c) shall be distributed to the civil
 16 taxing units of the county as distributive shares.

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

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

22 (2) A fraction. The numerator of the fraction equals the total
 23 property taxes that are first due and payable to the civil taxing
 24 unit during the calendar year in which the month falls, plus, for a
 25 county, an amount equal to the property taxes imposed by the
 26 county in 1999 for the county's welfare fund and welfare
 27 administration fund. The denominator of the fraction equals the
 28 sum of the total property taxes that are first due and payable to all
 29 civil taxing units of the county during the calendar year in which
 30 the month falls, plus an amount equal to the property taxes
 31 imposed by the county in 1999 for the county's welfare fund and
 32 welfare administration fund.

33 (f) The state board of tax commissioners shall provide each county
 34 auditor with the fractional amount of distributive shares that each civil
 35 taxing unit in the auditor's county is entitled to receive monthly under
 36 this section.

37 (g) Notwithstanding subsection (e), if a civil taxing unit of an
 38 adopting county does not impose a property tax levy that is first due
 39 and payable in a calendar year in which distributive shares are being
 40 distributed under this section, that civil taxing unit is entitled to receive
 41 a part of the revenue to be distributed as distributive shares under this
 42 section within the county. The fractional amount such a civil taxing



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1 unit is entitled to receive each month during that calendar year equals
2 the product of the following:

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

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

9 (h) If for a calendar year a civil taxing unit is allocated a part of a
10 county's distributive shares by subsection (g), then the formula used in
11 subsection (e) to determine all other civil taxing units' distributive
12 shares shall be changed each month for that same year by reducing the
13 amount to be distributed as distributive shares under subsection (e) by
14 the amount of distributive shares allocated under subsection (g) for that
15 same month. The state board of tax commissioners shall make any
16 adjustments required by this subsection and provide them to the
17 appropriate county auditors.

18 (†) (i) Notwithstanding any other law, a county fiscal body may
19 pledge revenues received under this chapter to the payment of bonds
20 or lease rentals to finance a qualified economic development tax
21 project under IC 36-7-27 in that county or in any other county if the
22 county fiscal body determines that the project will promote significant
23 opportunities for the gainful employment or retention of employment
24 of the county's residents.

25 SECTION 24. IC 6-3.5-6-19, AS AMENDED BY P.L.273-1999,
26 SECTION 73, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
27 UPON PASSAGE]: Sec. 19. (a) Except as provided in sections 13,
28 17.6(d), 18(e), and 18.5(b)(3) of this chapter, in determining the
29 fractional share of distributive shares the civil taxing units of a county
30 are entitled to receive under section 18 of this chapter during a calendar
31 year, the state board of tax commissioners shall consider only property
32 taxes imposed on tangible property subject to assessment in that
33 county.

34 (b) In determining the amount of distributive shares a civil taxing
35 unit is entitled to receive under section 18(g) of this chapter, the state
36 board of tax commissioners shall consider only the percentage of the
37 civil taxing unit's budget that equals the ratio that the total assessed
38 valuation that lies within the civil taxing unit and the county that has
39 adopted the county option tax bears to the total assessed valuation that
40 lies within the civil taxing unit.

41 (c) The distributive shares to be allocated and distributed under this
42 chapter shall be treated by each civil taxing unit as additional revenue

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1 for the purpose of fixing its budget for the budget year during which the
2 distributive shares is to be distributed to the civil taxing unit.

3 (d) In the case of a civil taxing unit that includes a consolidated city
4 its fiscal body may distribute any revenue it receives under this chapter
5 to any governmental entity located in its county except an excluded
6 city, a township, or a school corporation.

7 SECTION 25. IC 6-3.5-7-5 IS AMENDED TO READ AS
8 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Except as
9 provided in subsection (c), the county economic development income
10 tax may be imposed on the adjusted gross income of county taxpayers.

11 The entity that may impose the tax is:

- 12 (1) the county income tax council (as defined in IC 6-3.5-6-1) if
- 13 the county option income tax is in effect on January 1 of the year
- 14 the county economic development income tax is imposed;
- 15 (2) the county council if the county adjusted gross income tax is
- 16 in effect on January 1 of the year the county economic
- 17 development tax is imposed; or
- 18 (3) the county income tax council or the county council,
- 19 whichever acts first, for a county not covered by subdivision (1)
- 20 or (2).

21 To impose the county economic development income tax, a county
22 income tax council shall use the procedures set forth in IC 6-3.5-6
23 concerning the imposition of the county option income tax.

24 (b) Except as provided in subsections (c) and (g), the county
25 economic development income tax may be imposed at a rate of:

- 26 (1) one-tenth percent (0.1%);
- 27 (2) two-tenths percent (0.2%);
- 28 (3) twenty-five hundredths percent (0.25%);
- 29 (4) three-tenths percent (0.3%);
- 30 (5) thirty-five hundredths percent (0.35%);
- 31 (6) four-tenths percent (0.4%);
- 32 (7) forty-five hundredths percent (0.45%); or
- 33 (8) five-tenths percent (0.5%);

34 on the adjusted gross income of county taxpayers.

35 (c) Except as provided in subsection (h), ~~or (i)~~, **or (k)**, the county
36 economic development income tax rate plus the county adjusted gross
37 income tax rate, if any, that are in effect on January 1 of a year may not
38 exceed one and twenty-five hundredths percent (1.25%). Except as
39 provided in ~~subsection~~ **subsections (g) and (j)**, the county economic
40 development tax rate plus the county option income tax rate, if any, that
41 are in effect on January 1 of a year may not exceed one percent (1%).

42 (d) To impose the county economic development income tax, the

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1 appropriate body must, after January 1 but before April 1 of a year,
2 adopt an ordinance. The ordinance must substantially state the
3 following:

4 "The _____ County _____ imposes the county economic
5 development income tax on the county taxpayers of _____
6 County. The county economic development income tax is imposed at
7 a rate of _____ percent (____%) on the county taxpayers of the
8 county. This tax takes effect July 1 of this year."

9 (e) Any ordinance adopted under this section takes effect July 1 of
10 the year the ordinance is adopted.

11 (f) The auditor of a county shall record all votes taken on ordinances
12 presented for a vote under the authority of this section and immediately
13 send a certified copy of the results to the department by certified mail.

14 (g) This subsection applies to a county having a population of more
15 than one hundred twenty-nine thousand (129,000) but less than one
16 hundred thirty thousand six hundred (130,600). In addition to the rates
17 permitted by subsection (b), the:

18 (1) county economic development income tax may be imposed at
19 a rate of:

20 (A) fifteen-hundredths percent (0.15%);

21 (B) two-tenths percent (0.2%); or

22 (C) twenty-five hundredths percent (0.25%); and

23 (2) county economic development income tax rate plus the county
24 option income tax rate that are in effect on January 1 of a year
25 may equal up to one and twenty-five hundredths percent (1.25%);
26 if the county income tax council makes a determination to impose rates
27 under this subsection and section 22 of this chapter.

28 (h) For a county having a population of more than thirty-seven
29 thousand (37,000) but less than thirty-seven thousand eight hundred
30 (37,800), the county economic development income tax rate plus the
31 county adjusted gross income tax rate that are in effect on January 1 of
32 a year may not exceed one and thirty-five hundredths percent (1.35%)
33 if the county has imposed the county adjusted gross income tax at a rate
34 of one and one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

35 (i) For a county having a population of more than twelve thousand
36 six hundred (12,600) but less than thirteen thousand (13,000), the
37 county economic development income tax rate plus the county adjusted
38 gross income tax rate that are in effect on January 1 of a year may not
39 exceed one and fifty-five hundredths percent (1.55%).

40 **(j) For a county that has adopted an ordinance under**
41 **IC 6-3.5-6-13, the county economic development income tax rate**
42 **plus the county option income tax rate that are in effect on January**

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1 of a year may not exceed one percent (1%) plus:

(1) the additional rate that is imposed under IC 6-3.5-6-9.6(a)(1) for property tax relief purposes; plus

(2) the additional rate that is imposed under IC 6-3.5-6-9.6(a)(2) for property tax relief purposes.

(k) For a county that has adopted an ordinance under IC 6-3.5-1-11.5, 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 the sum of:

(1) one and twenty-five hundredths percent (1.25%) in the case of a county not described in subsection (h) or (i), one and thirty-five hundredths percent (1.35%) in the case of a county described in subsection (h), or one and fifty-five hundredths percent in the case of a county described in subsection (i); plus

(2) the additional rate that is imposed under IC 6-3.5-1.1-2(g)(1) for property tax relief purposes; plus

(3) the additional rate that is imposed under IC 6-3.5-1.1-2(g)(2) for property tax relief purposes.

SECTION 26. IC 6-1.1-20.5 IS REPEALED [EFFECTIVE JANUARY 1, 2002].

SECTION 27. [EFFECTIVE JULY 1, 2001] The credits provided under IC 6-1.1-20.4, as added by this act, apply only to property taxes first due and payable in 2003.

SECTION 28. [EFFECTIVE JANUARY 1, 2002] IC 6-3.1-20, as added by this act, applies only to taxable years that begin after December 31, 2001.

SECTION 29. [EFFECTIVE UPON PASSAGE] (a) Notwithstanding IC 6-3.5-1.1, a county council may adopt an ordinance to impose an additional rate or additional rates under IC 6-3.5-1.1-2(g), as added by this act, after April 1 of a year.

(b) This SECTION expires December 31, 2001.

SECTION 30. [EFFECTIVE UPON PASSAGE] (a) Notwithstanding IC 6-3.5-6, a county council may adopt an ordinance to impose an additional rate or additional rates under IC 6-3.5-6-9.6, as added by this act, after April 1 of a year.

(b) This SECTION expires December 31, 2001.

SECTION 31. [EFFECTIVE JULY 1, 2001] Notwithstanding IC 4-30-17-3.5, on April 1, 2003, the auditor of state shall transfer one hundred million dollars (\$100,000,000) from the lottery and gaming surplus account established under IC 4-30-17-3.5 to the family and children's property tax relief fund established under IC 6-1.1-20.4.



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1 **(b) This SECTION expires June 30, 2003.**
2 **SECTION 32. An emergency is declared for this act.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1003, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

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

"SECTION 1. IC 4-30-17-3.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 3.5. (a) Two (2) segregated accounts shall be established within the build Indiana fund as follows:

- (1) The state and local capital projects account.
- (2) The lottery and gaming surplus account.

(b) Upon receiving surplus lottery revenue distributions from the state lottery commission and surplus gaming revenue distributions from the state gaming commission, the treasurer of state shall credit the surplus lottery revenue and surplus gaming revenue to the lottery and gaming surplus account. All money remaining in the lottery and gaming surplus account after the ~~transfer~~ **transfers** required by subsection (c) **and (d)** shall be transferred to the state and local capital projects account.

(c) Before the twenty-fifth day of the month, the auditor of state shall transfer from the lottery and gaming surplus account to the state general fund motor vehicle excise tax replacement account an amount equal to the following:

- (1) In calendar year 1996, eleven million six hundred twenty-five thousand dollars (\$11,625,000) per month.
- (2) In calendar year 1997, twelve million nine hundred twenty-five thousand twenty dollars (\$12,925,020) per month.
- (3) In calendar year 1998, fifteen million ten thousand dollars (\$15,010,000) per month.
- (4) In calendar year 1999, seventeen million one hundred ninety-two thousand dollars (\$17,192,000) per month.
- (5) In calendar year 2000, nineteen million four hundred thirty-five thousand two hundred ten dollars (\$19,435,210) per month.
- (6) In calendar year 2001 and each year thereafter, nineteen million six hundred eighty-four thousand three hundred seventy dollars (\$19,684,370) per month.

(d) In 2001 and in 2002, the auditor of state shall transfer before the last day of December from the lottery and gaming surplus account to the family and children's property tax relief fund

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established by IC 6-1.1-20.4 an amount equal to the greater of zero (0) or the amount determined under the following STEPS:

STEP ONE: Determine the amount transferred to the lottery and gaming surplus account during the preceding twelve (12) months.

STEP TWO: Determine the amount transferred to the state general fund motor vehicle excise tax replacement account under subsection (c) from the lottery and gaming surplus account during the preceding twelve (12) months.

STEP THREE: Determine the result of:

- (1) the STEP ONE amount; minus
- (2) the STEP TWO amount.

STEP FOUR: Determine the result of:

- (1) the STEP THREE amount; minus
- (2) one hundred million dollars (\$100,000,000).

(e) This subsection applies only if insufficient money is available in the lottery and gaming surplus account of the build Indiana fund to make the distributions to the state general fund motor vehicle excise tax replacement account that are required under subsection (c). Before the twenty-fifth day of each month, the auditor of state shall transfer from the state general fund to the state general fund motor vehicle excise tax replacement account the difference between:

- (1) the amount that subsection (c) requires the auditor of state to distribute from the lottery and gaming surplus account of the build Indiana fund to the state general fund motor vehicle excise tax replacement account; and
- (2) the amount that is available for distribution from the lottery and gaming surplus account in the build Indiana fund to the state general fund motor vehicle excise tax replacement account.

The transfers required under this subsection are annually appropriated from the state general fund."

Page 4, delete lines 31 through 42.

Page 5, delete lines 1 through 32.

Page 6, line 10, reset in roman "five-hundredths (1.05)".

Page 6, line 10, after "(1.05)" delete "." and insert ", **for 2001 and for years after 2003, and**".

Page 6, line 11, after "(1.04)" delete "." and insert ", **for 2002 and 2003.**".

Page 6, line 13, reset in roman "one-tenth (1.1)".

Page 6, line 13, after "(1.1)" delete "." and insert ", **for 2001 and for years after 2003, and**".

Page 6, line 13, after "(1.08)" delete "." and insert ", **for 2002 and**

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2003."

Page 11, delete lines 40 through 42, begin a new paragraph and insert:

"SECTION 7. IC 6-1.1-20.4 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]:

Chapter 20.4. Family and Children's Fund Property Tax Relief

Sec. 1. As used in this chapter, "net family and children's fund property tax liability" means the property taxes imposed on a taxpayer under IC 12-19-7 for a county's family and children's fund that are due and payable in 2003, as shown on the property tax statement sent to a taxpayer after all deductions and credits have been applied under any other statute.

Sec. 2. (a) The family and children's property tax relief fund is established. The purpose of the fund is to provide property tax relief as specified in this chapter. The fund shall be administered by the budget agency.

(b) The fund consists of:

- (1)** Transfers to the fund under IC 4-30-17-3.5.
- (2)** Any appropriations from the general assembly.
- (3)** Any gifts and grants to the fund.

(c) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the fund.

(d) The money in the fund at the end of a state fiscal year does not revert to the state general fund but remains in the fund to be used exclusively for the purposes set forth in this chapter.

(e) A local match account is established within the family and children's property tax relief fund for each county. A county may deposit into the county's local match account any local revenue, other than revenue from property taxes, for the purposes of providing the county's share of the credit under this chapter.

(f) The credit paid under this chapter to taxpayers in a county shall consist of:

- (1)** amounts that are transferred to the family and children's property tax relief fund from the lottery and gaming surplus account; and
- (2)** a matching amount from local revenue, other than revenue from property taxes, that is deposited in the county's local match account.

The amount of state money used to pay a credit under this chapter



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for a county's taxpayers must be matched on a one (1) to one (1) basis by amounts deposited by the county in the county's local match account.

Sec. 3. For property taxes first due and payable in 2003, a taxpayer is entitled to a credit under this chapter against the taxpayer's net family and children's fund property tax liability. The amount of the credit is equal to:

- (1) the taxpayer's net family and children's fund property tax liability for 2003; multiplied by
- (2) the percentage determined for the year for the taxpayer's county by the budget agency under section 4 of this chapter.

Sec. 4. (a) The state board of tax commissioners shall provide the budget agency with an estimate, based on the balance in the family and children's property tax relief fund and the amount in each county's local match account, of the percentage that may be used under section 3(2) of this chapter in providing credits in 2003 to taxpayers under this chapter. The budget agency, after review by the state budget committee, shall determine the percentage that shall be used under section 3(2) of this chapter in providing credits in 2003 to taxpayers under this chapter.

(b) The state board of tax commissioners' estimate of the credit percentage and the budget agency's final determination of the credit percentage for a particular county must be based on the balance in the family and children's property tax relief fund and the amounts deposited by the county in its local match account.

(c) The state budget committee shall meet before the second Monday in January of 2003 to review the credit percentage proposed for the year for each county by the budget agency.

(d) The budget agency must report to the governor and the legislative council the credit percentage determined under this section for each county not more than seven (7) days after the state budget committee meets to review the proposed credit percentage.

Sec. 5. The county auditor shall compute the net amount of property taxes in the county that is attributable to property taxes imposed on a taxpayer under IC 12-19-7 in 2003 for the county's family and children's fund, after all deductions and credits have been applied under any other statute.

Sec. 6. Before February 1 of 2003, each county auditor shall certify to the state board of tax commissioners the amount of credits allowed under this chapter in the county for 2003. Except as otherwise provided in this chapter, the credits shall be determined in the same manner as property tax replacement

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credits are determined under IC 6-1.1-21, after deducting the property tax replacement credit under IC 6-1.1-21.

Sec. 7. (a) In 2003, the auditor of state shall allocate from the family and children's property tax relief fund and a county's local match account an amount equal to the total amount of credits that are provided under this chapter for the county for that year in the same manner as the homestead credits are allocated from the property tax replacement fund under IC 6-1.1-21.

(b) The auditor of state shall distribute to each county treasurer, from the family and children's property tax relief fund and a county's local match account, the estimated distribution for that year for the county at the same time and in the same manner as the homestead credit distributions are made under IC 6-1.1-21. The money in the family and children's property tax relief fund and the county local match accounts is appropriated to make the distributions under this section. The amount of state money distributed from the family and children's property tax relief fund to pay a credit under this chapter for a county's taxpayers must be matched on a one (1) to one (1) basis by amounts deposited by the county in the county's local match account.

(c) All distributions provided under this section shall be made on warrants issued by the auditor of state drawn on the treasurer of state.

Sec. 8. To the extent it is consistent with this chapter, IC 6-1.1-21 applies with respect to the credit under this chapter.

SECTION 8. IC 6-3.1-20 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]:

Chapter 20. Credit for Property Taxes Paid on Personal Property

Sec. 1. As used in this chapter, "assessed value" means the assessed value determined under IC 6-1.1-3.

Sec. 2. As used in this chapter, "net ad valorem property taxes" means the amount of property taxes paid by a taxpayer for a particular calendar year after the application of all property tax deductions and property tax credits.

Sec. 3. As used in this chapter, "pass through entity" means:

- (1) a corporation that is exempt from the adjusted gross income tax under IC6-3-2-2.8(2);
- (2) a partnership;
- (3) a trust;
- (4) a limited liability company; or



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(5) a limited liability partnership.

Sec. 4. As used in this chapter, "personal property" includes personal property as defined in IC 6-1.1-1-11 and personal property assessed under IC 6-1.1-7.

Sec. 5. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

- (1) IC 6-2.1 (gross income tax);
- (2) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);
- (3) IC 6-3-8 (supplemental net income tax);
- (4) IC 6-5.5 (financial institutions tax); and
- (5) IC 27-1-18-2 (insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 6. As used in this chapter, "taxpayer" means an individual or entity that has state tax liability.

Sec. 7. (a) A taxpayer is entitled to a credit against the taxpayer's state tax liability for a taxable year for the net ad valorem property taxes paid by the taxpayer in the taxable year on personal property with an assessed value equal to the lesser of:

- (1) the assessed value of the person's personal property; or
- (2) thirty-seven thousand five hundred dollars (\$37,500).

A taxpayer is entitled to only one (1) credit under this chapter each taxable year.

(b) An affiliated group that files a consolidated return under IC 6-2.1-5-5 is entitled to only one (1) credit under this chapter each taxable year on that consolidated return. A taxpayer that is a partnership, joint venture, or pool is entitled to only one (1) credit under this chapter each taxable year, regardless of the number of partners or participants in the organization.

Sec. 8. If the amount of the credit determined under section 7 of this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess over to the following taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year. A taxpayer is not entitled to a carryback.

Sec. 9. If a pass through entity does not have state income tax liability against which the tax credit may be applied, a shareholder or partner of the pass through entity is entitled to a tax credit equal to:

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- (1) the tax credit determined for the pass through entity for the taxable year; multiplied by
- (2) the percentage of the pass through entity's distributive income to which the shareholder or partner is entitled.

Sec. 10. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department proof of payment of an ad valorem property tax and all information that the department determines is necessary for the calculation of the credit provided by this chapter.

SECTION 9. IC 6-3.1-21-10, AS ADDED BY P.L.273-1999, SECTION 227, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 10. This chapter expires December 31, ~~2001~~. **2003.**

SECTION 10. IC 6-3.5-1.1-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) The county council of any county in which the county option income tax will not be in effect on July 1 of a year under an ordinance adopted during a previous calendar year may impose the county adjusted gross income tax on the adjusted gross income of county taxpayers of its county effective July 1 of that year.

(b) Except as provided in section 2.5 or 3.5 of this chapter **and in subsection (g)**, the county adjusted gross income tax may be imposed at a rate of one-half of one percent (0.5%), three-fourths of one percent (0.75%), or one percent (1%) on the adjusted gross income of resident county taxpayers of the county. Any county imposing the county adjusted gross income tax must impose the tax on the nonresident county taxpayers at a rate of one-fourth of one percent (0.25%) on their adjusted gross income. If the county council elects to decrease the county adjusted gross income tax, the county council may decrease the county adjusted gross income tax rate in increments of one-tenth of one percent (0.1%).

(c) To impose the county adjusted gross income tax, the county council must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Council imposes the county adjusted gross income tax on the county taxpayers of _____ County. The county adjusted gross income tax is imposed at a rate of _____ percent (____%) on the resident county taxpayers of the county and one-fourth of one percent (0.25%) on the nonresident county taxpayers of the county. This tax takes effect July 1 of this

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year."

(d) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(e) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(f) If the county adjusted gross income tax had previously been adopted by a county under IC 6-3.5-1 (before its repeal on March 15, 1983) and that tax was in effect at the time of the enactment of this chapter, then the county adjusted gross income tax continues in that county at the rates in effect at the time of enactment until the rates are modified or the tax is rescinded in the manner prescribed by this chapter. If a county's adjusted gross income tax is continued under this subsection, then the tax shall be treated as if it had been imposed under this chapter and is subject to rescission or reduction as authorized in this chapter.

(g) In addition to the rates imposed under section 2.5 or 3.5 of this chapter or under subsection (b), a county council may adopt an ordinance to impose one (1) or both of the following additional county adjusted gross income tax rates:

(1) An additional rate of not more one-fourth of one percent (0.25%) may be imposed for the purposes of providing property tax relief under section 11.5(b)(1) through 11.5(b)(3) of this chapter.

(2) An additional rate of not more than one-fourth of one percent (0.25%) may be imposed for the purposes of providing local revenue that will be deposited under section 11.5(b)(4) of this chapter in the county's local match account established under IC 6-1.1-20.4. However, a county may not impose a rate under this subdivision after June 30, 2003. A rate imposed under this subdivision before July 1, 2003, is rescinded on July 1, 2003.

An additional rate imposed under his subsection shall be adopted in the manner described in subsection (c).

(h) If a county adopts an additional rate under subsection (g)(2), the additional rate shall apply to the adjusted gross income of county taxpayers and to the apportioned net income of corporations. For purposes of this subsection, "apportioned net income" means net income (as defined in IC 6-3-8-2) multiplied by:

(1) the assessed value of all property of a corporation that is:
(A) taxable under IC 6-1.1; and



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**(B) located in the county; divided by
(2) the assessed value of all property of the corporation that
is:**

**(A) taxable under IC 6-1.1; and
(B) located in Indiana."**

Delete pages 12 through 15.

Page 16, delete lines 1 through 8.

Page 17, between lines 23 and 24, begin a new line block indented and insert:

"(4) Depositing revenue under this chapter in the county's local match account established under IC 6-1.1-20.4 to be used for the purpose of matching state distributions for the credit under IC 6-1.1-20.4 against the net family and children's fund property tax liability of taxpayers in the county in 2003. This subdivision expires January 1, 2004."

Page 17, line 24, delete "(4)" and insert "(5)".

Page 17, line 25, delete "(3)" and insert "(4)".

Page 21, line 22, delete "; plus" and insert ".".

Page 21, delete lines 23 through 25.

Page 22, between lines 9 and 10, begin a new paragraph and insert:

"SECTION 20. IC 6-3.5-6-9.6 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9.6. (a) In addition to the rates imposed under section 8 or 9 of this chapter, a county income tax council may adopt an ordinance to impose one (1) or both of the following additional county option income tax rates:

(1) An additional rate of not more than one-fourth of one percent (0.25%) may be imposed for the purposes of providing property tax relief under section 13(b)(1) through 13(b)(3) of this chapter.

(2) An additional rate of not more than one-fourth of one percent (0.25%) may be imposed for the purposes of providing local revenue that will be deposited under section 13(b)(4) of this chapter in the county's local match account established under IC 6-1.1-20.4. However, a county may not impose a rate under this subdivision after June 30, 2003. A rate imposed under this subdivision before July 1, 2003, is rescinded on July 1, 2003.

An additional rate imposed under his subsection shall be adopted in the manner described in section 8 of this chapter.

(b) If a county adopts an additional rate under subsection (a)(2), the additional rate shall apply to the adjusted gross income of

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county taxpayers and to the apportioned net income of corporations. For purposes of this subsection, "apportioned net income" means net income (as defined in IC 6-3-8-2) multiplied by:

- (1) the assessed value of all property of a corporation that is:
 - (A) taxable under IC 6-1.1; and
 - (B) located in the county; divided by
- (2) the assessed value of all property of the corporation that is:
 - (A) taxable under IC 6-1.1; and
 - (B) located in Indiana."

Page 22, between lines 23 and 24, begin a new line block indented and insert:

"(4) Depositing revenue under this chapter in the county's local match account established under IC 6-1.1-20.4 to be used for the purpose of matching state distributions for the credit under IC 6-1.1-20.4 against the net family and children's fund property tax liability of taxpayers in the county in 2003. This subdivision expires January 1, 2004."

Page 22, line 24, delete "(4)" and insert "(5)".

Page 22, line 25, delete "(3)" and insert "(4)".

Page 24, delete lines 26 through 42.

Page 25, delete lines 1 through 22.

Page 26, line 27, delete "and, after December 31, 2002, an amount" and insert ".".

Page 26, delete line 28.

Page 26, line 29, delete "the county family and children's fund."

Page 26, line 34, delete "and, after" and insert ".".

Page 26, delete lines 35 through 37.

Page 27, delete lines 30 through 42.

Delete pages 28 through 29.

Page 30, delete lines 1 through 7.

Page 31, line 18, after "(h)" insert ",".

Page 31, line 18, strike "or".

Page 31, line 18, after "(i)," insert "**or (k),**".

Page 32, line 25, delete "adjusted gross" and insert "**option**".

Page 32, line 26, delete "the" and insert ":".

Page 32, delete lines 27 through 42, begin a new line block indented and insert:

- "(1) the additional rate that is imposed under IC 6-3.5-6-9.6(a)(1) for property tax relief purposes; plus**
- (2) the additional rate that is imposed under IC 6-3.5-6-9.6(a)(2) for property tax relief purposes.**



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(k) For a county that has adopted an ordinance under IC 6-3.5-1-11.5, 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 the sum of:

- (1) one and twenty-five hundredths percent (1.25%) in the case of a county not described in subsection (h) or (i), one and thirty-five hundredths percent (1.35%) in the case of a county described in subsection (h), or one and fifty-five hundredths percent in the case of a county described in subsection (i); plus
- (2) the additional rate that is imposed under IC 6-3.5-1.1-2(g)(1) for property tax relief purposes; plus
- (3) the additional rate that is imposed under IC 6-3.5-1.1-2(g)(2) for property tax relief purposes.

SECTION 27. IC 6-1.1-20.5 IS REPEALED [EFFECTIVE JANUARY 1, 2003].

SECTION 28. [EFFECTIVE JULY 1, 2001] The credits provided under IC 6-1.1-20.4, as added by this act, apply only to property taxes first due and payable in 2003.

SECTION 29. [EFFECTIVE JANUARY 1, 2003] IC 6-3.1-20, as added by this act, applies only to taxable years that begin after December 31, 2002.

SECTION 30. [EFFECTIVE UPON PASSAGE] (a) Notwithstanding IC 6-3.5-1.1, a county council may adopt an ordinance to impose an additional rate or additional rates under IC 6-3.5-1.1-2(g), as added by this act, after April 1 of a year.

(b) This SECTION expires December 31, 2001.

SECTION 31. [EFFECTIVE UPON PASSAGE] (a) Notwithstanding IC 6-3.5-6, a county council may adopt an ordinance to impose an additional rate or additional rates under IC 6-3.5-6-9.6, as added by this act, after April 1 of a year.

(b) This SECTION expires December 31, 2001."

Delete pages 33 through 58.

Page 59, delete lines 1 through 13.

Re-number all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1003 as introduced.)

BAUER, Chair

Committee Vote: yeas 19, nays 3.

HB 1003—LS 7992/DI 73+



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HOUSE MOTION

Mr. Speaker: I move that House Bill 1003 be amended to read as follows:

Page 1, delete lines 1 through 17.

Delete page 2.

Page 3, delete lines 1 through 7.

Page 12, line 37, after "fund" insert "**from the lottery and gaming surplus account established**".

Page 14, line 1, after "account." insert "**Subject to the balance of state funds in the family and children's property tax relief fund, the credit percentage determined for a particular county must be sufficient to ensure that the state funds provided to pay the credit in the county will match on a one (1) to one (1) basis the amounts deposited by the county in the county's local match account.**".

Page 15, line 4, delete "2003" and insert "2002".

Page 32, line 37, delete "2003" and insert "2002".

Page 32, line 41, delete "2003" and insert "2002".

Page 33, line 1, delete "2002" and insert "**2001**".

Page 33, between lines 11 and 12, begin a new paragraph and insert:
SECTION 32. [EFFECTIVE JULY 1, 2001] **Notwithstanding IC 4-30-17-3.5, on April 1, 2003, the auditor of state shall transfer one hundred million dollars (\$100,000,000) from the lottery and gaming surplus account established under IC 4-30-17-3.5 to the family and children's property tax relief fund established under IC 6-1.1-20.4.**

(b) This SECTION expires June 30, 2003.

Re-number all SECTIONS consecutively.

(Reference is to HB 1003 as printed February 16, 2001.)

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